

Novelist

ruption. The model for the main character is former Senator Bob Packwood, who was disgraced over sexual harassment charges. Of course, the time the book is set is fished, readers will be disappointed. Bernhart was inspired by Clinton.

"I don't care," the author maintains. "You've got to put that. It's like picking a tie. You're going out to dinner and you can't make up your mind — this tie looks better than that one. You know, it's a five-minute thing. You grab a tie and go. Hope the best."

As for the real-life events that struck him, "the seriousness with which one was reporting this, it's a sad fact. It's like the 'surrender of Meisner Place'." So, the author decided to write a novel about a television show that already happened, reality, while the author was writing it. The novel is a commentary on the media's role in the Clinton scandal.

The novel is a commentary on the media's role in the Clinton scandal. The novel is a commentary on the media's role in the Clinton scandal.

Linkable Film

Linkable Film

# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

Paris, Wednesday, February 4, 1998

No. 35,746

TODAY:  
STAGE  
The New Free Press

## 20 Die in Italy As Plane Cuts Ski Lift Cable

### U.S. Marine Surveillance Jet Was on a Training Mission

Compiled by Our Staff From Dispatches

TRENTO, Italy — A U.S. Marine plane on a training flight severed a cable-car line on Tuesday, and 20 people plunged to their deaths, U.S. military and Italian rescue officials said.

The accident occurred at a ski resort in the Val di Fassa area of the Dolomite Mountains near Trento. The cable car was traveling from the town of Cavalese to the top of Cermis mountain, the site of a popular local ski resort.

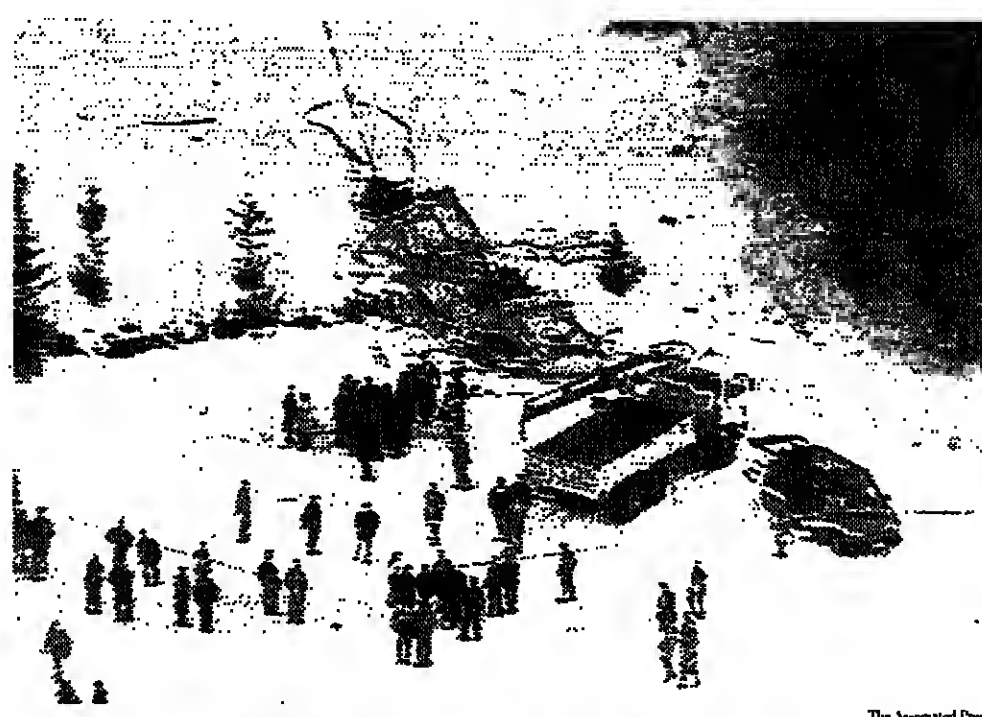
The skiers and the car's operator aboard were killed when it fell 80 to 100 meters, said Robert Cavada, a police officer in Cavalese.

Rescuers put the official death toll at 20. Italian state television RAI reported that all the victims were adults and believed to be mostly Germans. RAI added that two of the victims were Hungarian, and two were Poles.

Alpine rescue teams and search helicopters went to the scene. Passengers were evacuated from the line's other gondola, which was on its way down and remained suspended, the police said.

Television pictures showed the yellow cabin — usually a sturdy, square structure attached to the cable by a giant hook — flattened like a cardboard box on the mountain.

See JET, Page 7

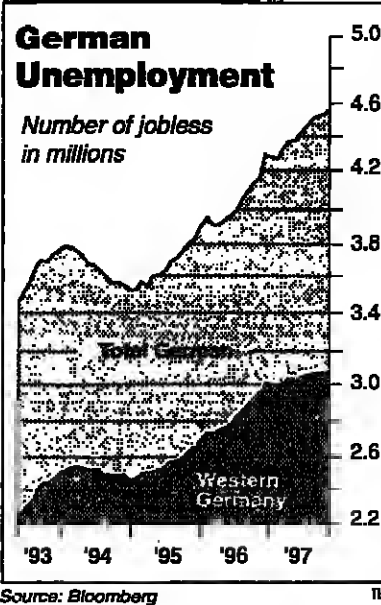


Rescue workers Tuesday at the site of the cable car plunge on Cermis mountain in a photo made from a television image. Below, an EA-6B jet of the type that hit the cable.



The Associated Press

The Associated Press



## Germany Rushes A Jobs Program To Parry Protests Set for Thursday

### With 4.8 Million Level in Sight, Bonn Wants Local Governments To Hire Long-Term Unemployed

By John Schmid  
International Herald Tribune

FRANKFURT — Threatened this week with another unemployment record and nationwide demonstrations, Chancellor Helmut Kohl's government rushed forward a package of job-creation measures Tuesday.

Bonn has come under pressure to act after French job seekers, who have held protests and occupied France's unemployment offices, inspired German social activists to do the same on the opposite side of the Rhine.

Germany's single-day version of jobless unrest is to take place at more than 70 locations Thursday in order to coincide with publication of the latest unemployment report. The jobless total for January is expected to be between 4.8 million and 4.9 million, approaching the psychologically painful threshold of 5 million people. In December, Europe's economic powerhouse reached a postwar record of 4.52 million unemployed.

The vice president of the German Federation of Labor, Ursula Engelen-Kefer, predicted this week that unemployment in February could reach 5 million.

Mr. Kohl's government plans to push the job programs into Parliament for debate Thursday, in time to present a response to both the protesters and the latest unemployment data.

Mr. Kohl's allies hailed their latest job initiative as the biggest plan to attack unemployment since the government sought to rewrite the tax system, legislation that was introduced a year ago and later defeated by left-wing opposition politicians. Tax reform was seen by many economists and international organizations as Germany's best opportunity to stimulate hiring, investment and business confidence.

At the heart of the job initiative is a nationwide "welfare-to-work" provision meant to get the long-term unemployed jobs as local government employees, said Ulf Fink, author of the plan and a representative of Mr. Kohl's Christian Democratic Union in the lower house of Parliament.

Klaus Zwickel, president of the powerful IG Metall trade union, dismissed the coalition's labor market efforts as election-year politics. Under the Kohl government, "not more jobs are being created but rather fewer," he told German radio.

Joachim Toepfel, a board member of IG Metall, which threw its support behind the protesters Tuesday, said, "The unbridled escalation of unemployment goes along with dramatic cuts in social security."

Arguing that French discontent had little chance to cross the border, Labor Minister Norbert Blum took pains to point out "fundamental differences" between French and German unemployment.

At nearly 28 percent, French youth unemployment far outpaces the corresponding rate in Germany, at 10.5 percent, he said, adding that Germany is the only European Union nation in which the youth unemployment rate is below the national average.

Addressing a key concern of the French demonstrators, Mr. Blum argued that Germany's jobless benefits are far more comprehensive and protective than France's.

In the heat of a German election year, the nation's

See GERMANY, Page 7

## Cairo Eases Opposition To a Strike Against Iraq

By John Lancaster and Barton Gellman  
Washington Post Service

CAIRO — The U.S. secretary of state, Madeleine Albright, failed to persuade Egypt on Tuesday to back the threat of American military force against Iraq. But the Egyptian foreign minister, Amr Moussa, appeared to temper Egypt's objections to military action, warning Iraq that its failure to cooperate with UN weapons inspections could result in "grave consequences."

After a week in which Egypt has voiced its opposition to any kind of military strikes against Baghdad, Mr. Moussa's measured comments on Tuesday night marked a clear softening in tone.

They added to the impression that Mrs. Albright had achieved at least partial success during her tour of the region, winning pledges of support, if not direct cooperation, from several of Washington's most important Arab allies.

"The secretary was well satisfied with the expressions of support she received across the board," Mrs. Albright's spokesman, James Rubin, said to reporters here before Mrs. Albright departed for Washington on Tuesday night. "The fruits of this effort will become even more apparent in the coming days."

Earlier in the day, the government of Bahrain became the second in the Gulf region, after Kuwait, to associate itself with American threats of military force.

See IRAQ, Page 4

## Blair Offers Moral Support to His U.S. Friend

By Warren Hoge  
New York Times Service

LONDON — The trip was planned months ago, but it's hard to think of a world leader President Bill Clinton would be luckier to have as his White House guest this week than Tony Blair.

The British prime minister arrives Wednesday for a four-day visit that is expected to put on further display the remarkable camaraderie between the embattled 51-year-old New Democrat and his popular 44-year-old New Labour counterpart. It also brings to the president's side the leader of the only nation to pledge military assistance in Iraq at a moment when a strike on Saddam Hussein appears increasingly imminent.

"I freely confess to you that I happen to have a high regard for Bill Clinton," Mr. Blair said Monday in a shirt-sleeved interview in his private office. "I am delighted to call Bill Clinton a friend, and I believe what's more important than anything else is that he does a good job as a president, and for that he deserves all our support so it's as simple as that really."

He said he suspected that the sudden growth of support for the besieged chief executive during the past week came from voters' impatience with "arrogant politicians and arrogant media" who, he said, like to "try to reverse the outcome of elections."

He fully expected to encounter a president "focusing on the big picture," he said, and not "sidetracked by all that stuff which may be interesting to some parts of the media."

He added, "Politics shouldn't be run at the level of a gossip column."

There have been frequent comparisons made between Mr. Clinton and Mr. Blair because of the commonalities of their youthfulness, their appetites for policy discussions, their moving their parties more to the political center, and their emphasis on government's shaping social policies in an era of global economic pressures and public distaste for taxes and spending.

In the area where the president is most vulnerable, the conduct of his personal life, Mr. Blair is unassailable, and British commentators in recent days have been speculating on how the prime minister might turn this to his comparative advantage during the upcoming visit. The notion

See BLAIR, Page 7

## America and Its Changing Mores

### Support for Clinton Shows He Isn't Expected to Be Paragon

The following article was reported by Carey Goldberg, Dirk Johnson and Sam Howe Verhovek and was written by Ms. Goldberg.

BOSTON — Major national events often serve as mirrors in which the country sees itself reflected in surprising new ways.

But the remarkable recent surge of support for President Bill Clinton following two weeks of lurid allegations and furious countercharges has produced an especially startling and contradictory reflection — one that has baffled many analysts and prompted ordinary voters to pause and ponder their own feelings.

Polls show that the American public both generally believes its president committed adultery in the White House and approves of his job performance more strongly than ever before.

Asked to explain such seemingly incompatible views, a priest in Chicago, a school board president in rural Wisconsin, a social worker in Houston, a comedy writer in New York, a former state attorney general in Maine and dozens of others in interviews around the United States cited deep-seated changes in the country's mores and political culture.

Many Americans no longer expect their president to be a moral paragon, some said. In a good economy, low inflation far outweighs accusations of low behavior, others said. Some pointed to more permissive views on morality and sexuality; others to heightened public alienation from politicians and the overheated media coverage.

Public opinion is notoriously fickle and the ultimate assessment of Mr. Clinton will depend on how the

drama plays out. But in many ways, the response to accusations that the president had an affair with a White House intern and asked her to lie about it has caused the nation to observe changes that preceded and will long outlast the current scandal, much as the O. J. Simpson case provided a stark reflection of the nation's division on race.

"It is sad but true," summed up James Tierney, the former attorney general of Maine, "that Americans do not look to their president for moral leadership."

Mr. Tierney, a Democrat, added, "After the immediate shock and revulsion, people thought about it and said, 'Well, he's not the moral leader of the country, and I never asked him to be. Then I look at the other things I care about and believe in, and clearly his policies are strong on those.'"

Americans, it emerges, tend to want a president more like a corporate chief executive officer, deft and unflappable, rather than an embodiment of all the country's lofty ideals.

"The morality issue, 30 years ago, would have been much greater," said John Merian, 39, owner of a tuxedo store in Brockton, Massachusetts. "So that's got to be a statement on our own society — that we separate the personal from the office. We really don't care if he had this affair or that affair or the other affair, so long as he's doing a good job."

In recent years, especially, Americans have heard more and more about real or alleged adulterous frolics by John Kennedy, Franklin Roosevelt and Lyndon Johnson to the point that presidential historians say it is

**'It is sad but true that Americans do not look to their president for moral leadership.'**

See MORES, Page 7

## Ex-Adviser To Clinton Testifies in Federal Probe

By Brian Knowlton  
International Herald Tribune

WASHINGTON — George Stephanopoulos, a former top adviser to President Bill Clinton, appeared Tuesday before the federal grand jury investigating the president.

Separately, the White House considered invoking executive privilege to limit testimony by two current aides who have been subpoenaed.

After a day off Monday, the grand jury resumed its inquiry Tuesday into charges that Mr. Clinton had a sexual relationship with a young former intern, Monica Lewinsky, now 24, and then urged her to lie about it under oath.

Mr. Clinton has adamantly denied those allegations, though the White House has stuck in recent days to a new strategy of saying as little as possible about the matter.

Ms. Lewinsky and her attorney, William Ginsburg, flew Tuesday to Los Angeles, where she is expected to spend about a week visiting her father.

Mr. Ginsburg said on Tuesday that a New York Times report that his client had visited the White House 37 times after leaving her job there in April 1996 sounded plausible. He has refused to confirm

See CLINTON, Page 7

Newstand Prices

Andorra	10.00 FF	Lebanon	11.300
Antilles	12.50 FF	Morocco	16 DH
Cameroun	1.600 CFA	Qatar	10.00 QR
Egypt	EE 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dh
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. (incl. tax)	\$1.20

## AGENDA

### Balloon's Course Barred by China

A European balloon team's goal of circling the globe nonstop appeared to be doomed by China's refusal of overflight rights Tuesday, although team members were still hoping that Beijing would relent. The Breitling Orbiter 2 control center in Geneva said chances of making the historic global circuit were "zero" without a Chinese change of heart.

As the balloon hovered over northern India late Tuesday, there seemed little hope that Beijing would drop its objections that the balloon would pose a risk to other aircraft. Page 6.

### U.S. Court Won't Bar Execution

The U.S. Supreme Court refused Tuesday to stop the execution of Karla Faye Tucker, 38, a repentant killer whose expected fate has prompted international condemnation.

Unless Governor George Bush of Texas granted a reprieve, she was to have been put to death by lethal injection at 2400 GMT on Tuesday for a 1983 double pickup murder.

Pope John Paul II has urged that she be granted clemency, as have the United Nations and the European Union. Page 7.

Books	Page 11.
Crossword	Page 11.
Opinion	Pages 8-9.
Sports	Pages 22-23.
Sponsored Section	Pages 19-21.
Investing in European Real Estate	
The Intermarket	Pages 6, 10.
The IHT on-line	www.ihtr.com

## Israelis View Peace Process As on 'Artificial Respirator'

### Nation in Gloomy Mood Over Stalled Effort, Poll Shows

By Serge Schmemmann  
New York Times Service

JERUSALEM — In the view of leading Israeli commentators, Secretary of State Madeleine Albright's failure to budge Israeli and Palestinian leaders from their impasse over the weekend marked the end of the current American mediating effort — and a low point in relations between Mrs. Albright and Prime Minister Benjamin Netanyahu.

At her meetings with Mr. Netanyahu and the Palestinian leader, Yasser Arafat, Mrs. Albright told each in effect that she was sick and tired of their inability to make tough decisions, and she left with virtually all major differences still unresolved.

That, wrote David Makovsky in an analysis published in Tuesday's issue of the liberal newspaper Ha'aretz, marked the end of the initiative that Mrs. Albright began last summer when she won agreement from Israelis and Palestinians for a four-point agenda to revive the negotiating process.

Approximately a half-year later, there has

not been a breakthrough on a single item of the agenda, and there is nowhere to go from here," Mr. Makovsky wrote. "The peace process is now on an artificial respirator."

Shimon Shiffer, a leading political reporter for the centrist Yedioth Ahronoth, cited anonymous accounts of Mrs. Albright's meeting with Mr. Netanyahu on Saturday to conclude in Monday's newspaper that the evening "will be remembered as one of the lowest points in the relations between the prime minister and the U.S. secretary of state."

He said that at the conclusion of a dinner, Mrs. Albright had made clear to Mr. Netanyahu that the United States was likely to abandon mediation in the Middle East if Israel "continues to display a stubborn and uncompromising attitude toward the Palestinians."

Though Palestinian and Israeli officials are supposed to travel to Washington next week to continue talks with Americans, Mr. Makovsky said that if Dennis Ross, the U.S. mediator for the Middle East, Mrs. Albright and President

See ISRAEL, Page 4



Secretary of State Madeleine Albright stepping down at Cairo airport Tuesday on her way to meet President Hosni Mubarak. It was the last stop on her current tour.



## 'I Used to Live Here' / A Reporter's Emotional Sojourn

## Back to the Havana She Once Called Home

By Mirta Ojito  
New York Times Service

HAVANA — This is the moment when, in my dreams, I begin to cry. And yet, I'm strangely calm as I go up the stairs to the apartment of my childhood in Santos Spañez, the only place that, after all these years, I still refer to as *la casa*, home.

I am holding a pen and a reporter's notebook and, as I always do when I am working, I count the steps: 20. In my memory, there were only 16. The staircase seems narrower than I remember, the ceiling lower.

Perhaps I have grown taller, perhaps my hips have widened with age and pregnancy. I am hugging mental time, distracting my mind from what I am certain will be a shock.

After 17 years and 8 months, I have returned to Cuba as a reporter.

I am here to cover the visit of Pope John Paul II, not to cry at the sight of a chipped, old tile on the floor.

The last time I went down these steps I was 16 years old and a police car was waiting for me and my family downstairs. They had come to tell us that my uncle, like thousands of other Cuban exiles who had returned to Cuba to claim their relatives, waited at the port of Mariel to take us to Miami in a leased shrimp boat.

It was May 7, 1980, the first days of what became known as the Mariel boatlift, the period from April to September 1980 when more than 125,000 Cubans left the island for the United States.

That day I left my house in a hurry. The police gave us 10 minutes to get ready and pack the few personal items we were allowed to take: an extra set of clothing, some pictures, toothbrushes. Everything else, from my books to my dolls and my parents' wedding china, remained behind. There were dishes in the sink and food in the refrigerator. My underwear in a drawer and my mother's sewing machine open for work.

Since then, I have often thought about this house, remembering every detail, every curve and tile and squeaky sound. The green walls of the living room, the view from the balcony, the feel of the cold tiles under my bare feet, the sound of my father's key in the keyhole and the muffled noise from the old refrigerator in the kitchen.

A stranger opens the door and I tell her who I am and what I want. "I used to live here," I say. "I'd like to take a look."

Surprisingly, she knows my name. She asks if I am the older or the younger child who used to live in the house. I say I am the older as I look over her head. Straight into my past. My home remains practically as we left it, seemingly frozen in time, like much of Cuba today.

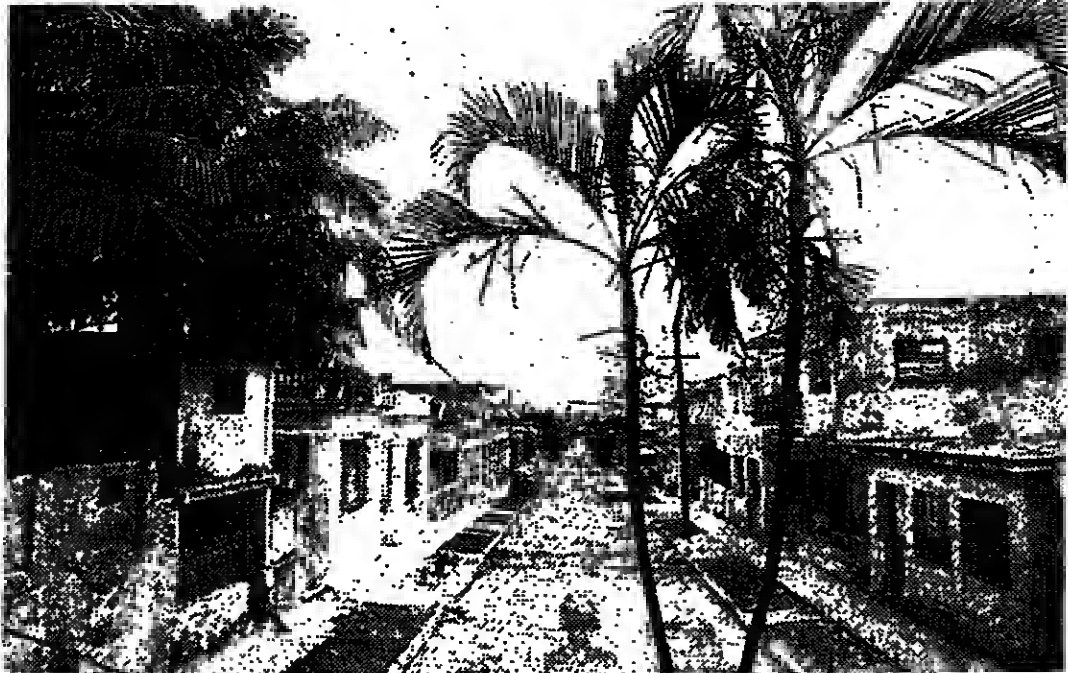
There, to the right of the bedroom's door, is my father's handiwork — two glass shelves he screwed into the wall — and my mother's set of orange and green glasses. Later, I learn that no one ever drinks from those glasses. If they break, the owner of the house tells me, they cannot be replaced. Under the shelves is my bookcase, painted a fresh coat of dark brown. A carpenter friend of my father's had built it for me when I was a little girl.

MY BOOKS are gone, though. When the Cuban government declared a few years ago that it had entered a "special period" of shortages and books all but disappeared, she took my books to the school where she teaches. I am pleased to hear that. It is a much nicer fate than I had imagined.

One book remains, "Captain at 15," by Jules Verne. I want to take it to New York with me, to show it to my son. But I do not say anything and the yellowing book remains there, inside the bookcase. My mother's pots and pans are in the kitchen. The old wooden ironing board remains where it always was, behind the door to the patio.

This is a strange feeling. I knew I would face my childhood by coming here, but I never expected to relive it as I am doing now. I go out to the balcony and then, as if on cue, I hear someone calling out my childhood nickname, "Mirtita, Mirtita!"

For a moment, I do not know who is calling or even if the call is real. It sounds like my mother calling me for dinner. But it is the neighbor from the corner who looked up from her terrace and some-



Largest Photo: The New York Times



To Mirta Ojito, her home in Enamorados Street remains practically as she and her family left it nearly 18 years ago, seemingly frozen in time, like much of Cuba today.

I knew this would be an emotional visit. Before I mustered enough courage to go up to the apartment, I had walked through the neighborhood.

As my father asked me to do, I visit *la bodega* and search for Juan, the Spaniard who once owned it and, after it was confiscated by the government in the early years of the revolution, remained there as an employee of the state. He is retired now, but I find him helping out at another bodega. We chat. I take a picture for my father as he stands behind the counter with a pencil balanced behind his ear, as he always did.

I walk the streets and find faces I recognize. I approach some; others approach me because, they tell me, I remind them of my mother. Some call out her name, which is also mine: "Mirta, what are you doing here? You've come back?"

They tell me who died and who left. The son of my sixth-grade teacher last a leg in a bicycle accident. My next-door neighbor left for Spain with her son, Pepito, to claim an inheritance. The musician from downstairs died of bone cancer; his daughter married an Italian and left.

THE OLD movie theater is gone, demolished two years ago because it was crumbling with age and disrepair. Another theater, "bar" been condemned. The hardware store is now a government office. The streets are unpaved and full of potholes.

In a way, I'm reporting the story of a neighborhood, a typical one in Havana. But I'm also reporting the life I never got to have. Through their stories, I see what my life could have become. I search for parallels. I imagine myself as my neighbors.

Could I have become a professional like the two girls from the corner who now teach? Would I have left in a raft like my next-door neighbor? Or perhaps I would have gone crazy, like the woman across the street, Regina, who could not recall my name after years of electroshock and pills. Her husband was accused of counterrevolutionary activities in 1979 and executed.

After a second visit to the apartment, I leave. And I leave the way I left almost 18 years ago, profoundly sad, surrounded by friends and neighbors, people glad that I remembered them, unselfish people who are happy that I left and live better than they do.

Who says that Cubans are divided by politics or even by an ocean? In Enamorados Street, my home and my people remain.

## U.S. AIDS Deaths Drop As Treatments Improve

By Lawrence K. Altman  
New York Times Service

CHICAGO — AIDS deaths across the United States plummeted 44 percent in the first half of 1997, accelerating earlier gains against the disease attributed to improved drug therapies, according to health officials, who also said the gains crossed sex and racial lines.

Full U.S. figures for 1997 will not be available until July, the first-half figures were measured against the first half of 1996.

The new figures mark the second year in a row in which deaths from the incurable acquired immune deficiency syndrome have declined.

Theoretically, the decline in AIDS deaths could have resulted from prevention efforts or some unknown factor, health specialists meeting in Chicago said. But the most likely explanation, they said, is expanded use of combinations of newer and older drugs that began to be introduced in recent years.

"This is a new era" in AIDS, Dr. Kevin DeCock, an AIDS official from the federal Centers for Disease Control and Prevention, said at a news conference. "We can't think that the end of the epidemic is in sight, but it certainly is the beginning of a new period."

"The challenge now is to improve prevention."

Dr. DeCock and Dr. Mary Ann Chiasson, the New York City assistant commissioner for disease intervention research, said they did not know how long the decline in deaths would continue or how low the numbers would reach. One reason, they said, is that no one knows how long the benefits of the new combination therapies will last.

Officials do not know whether new cases of infection by the human immunodeficiency virus that causes AIDS are rising or falling, because many states, including New York and California, do not require such cases to be reported. Instead, those states require only that full-blown cases of AIDS be reported.

But that may change. Last month, the nation's largest AIDS service agency, the Gay Men's Health Crisis in New York, reversed its position and called for the reporting of HIV infections, saying that while it was still concerned with maintaining the privacy of people with HIV, reporting of HIV cases would improve the tracking of the disease.

In New York City, an average of seven people a day died from AIDS in

1997, compared with 19.3 people a day two years earlier. Since the early days of the epidemic, New York has been one of the most hardest hit of American cities. Although it has only 3 percent of the nation's population, it has 16 percent of its AIDS cases.

Nationally, the number of newly reported AIDS cases dropped 12 percent to 29,520, for the first six months of 1997, compared with 33,590 in the first half of 1996.

Many speakers in Chicago, however, cited a surge in HIV infections in Africa and other areas where many people cannot afford the combination therapies.

## Germany to Rule On Law Curbing Smoking in Offices

Reuters

BONN — Traditionally a guilt-free smokers' paradise that imposes few restrictions on smoking in public places, Germany plans to introduce one of Europe's toughest anti-smoking laws in Parliament on Thursday.

Clouds of smoke swirling around offices are a common sight.

But a flurry of recent legal cases complaining of employers' failure to protect nonsmokers' health in the workplace have prompted efforts to pass nationwide legislation.

According to Ute Titz-Stecher, of the Social Democratic Party, one of the chief proponents of the anti-smoking bill, in 30 percent of cases where employees call for designated smoking areas, they fail to receive the management support needed to enforce the rule effectively.

Under the draft of the law to be presented to the lower house of Parliament, employers would be obliged to create separate smoking rooms or face fines of up to 5,000 Deutsche marks (\$2,700), while employees violating the ban could be subject to fines of 100 DM.

The bill is backed by a cross-party group of Chancellor Helmut Kohl's Christian Democrats, the Free Democratic Party and the opposition Social Democratic Party.

## TRAVEL UPDATE

## Tokyo Airport Security

TOKYO — Police tightened security around Tokyo's international airport Tuesday after three homemade rockets fired into a cargo plane area slightly injured a worker.

The Monday night attack came as foreign athletes, officials and spectators were arriving through the Narita airport on their way to the Nagano Winter Olympics, which start Saturday.

The authorities have no evidence so far linking the rockets to the Games, an airport spokesman said. They suspect the attack was carried out by leftist radicals who have long opposed the building of a second runway. (AP)

## Paris Speed Limit Cut

PARIS — Speed limits will be lowered Wednesday in Paris as exhaust fumes in a spell of freezing, windless weather have caused a pollution alert, the police said Tuesday.

The police chief said speed limits would be cut by 20 kilometers per hour to 60-kph (37.5 mph) on the capital's ring highway and to 50 kph on riverside highways starting at 7 A.M. (Reuters)

## New York Visit Center

NEW YORK — In a plan to provide New York City's first large-scale tourist information center, the Times Square Business Improvement District plans to renovate the landmark Embassy Theater in Duffy Square into what it calls the Times Square Visitors Center.

The property owners' group said Monday that the 73-year-old movie theater, on Seventh Avenue, would open by May with much of its ornate interior detail restored. The center will offer such services as tour bus and theater tickets and free tourist brochures. Perhaps equally important for visitors and residents alike, the center is to provide the only restrooms in Times Square open to the public. (NYT)

## WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.



Maps, forecasts and data provided by AccuWeather, Inc. ©1998 - http://www.accuweather.com

## North America

<p>A powerful Atlantic storm will batter the Northeast coast Thursday; heavy rain will continue along the coast, with heavy snow in the central Appalachians. Another storm may develop near Florida Saturday. Dry and warm in the Southwest.</p>	<p>Soaking rain over Italy and Greece will move into Turkey Wednesday and Thursday. Showers in Spain Wednesday, then rain will come into France. Dry in the Balkans. Paris Wednesday, then windy with rain Thursday and Friday. Windy and cold with snow in Norway.</p>	<p>Windy and cold with snow in northern Japan Thursday and Friday, then dry Saturday. Tokyo and the rest of Japan will be dry and seasonable with sun and breeze. Beiling will be dry and seasonable through the week-end. A rain period, but rain will continue in Hong Kong. Dry and hot in Ho Chi Minh city.</p>
---	---	---

Legend: sunny, pc, partly cloudy, c, cloudy, sh, showers, th, thunderstorms, r, rain, sh, snow, s, snow, ice, w, winter

## Asia

	Today		Tomorrow	
	High C/F	Low F/C	High C/F	Low F/C
Bali	33/91	23/73	33/91	23/73
Bangkok	33/91	23/73	31/88	23/73
Beijing	6/43	-6/22	7/44	-5/24
Bombay	30/86	15/53	28/82	16/61
Calcutta	27/80	12/53	25/77	10/50
Chengdu	34/93	14/57	31/88	13/55
Colombo	31/88	23/73	29/84	23/73
Hanoi	18/66	11/52	14/57	13/55

## Africa

Kanschi	23/73	18/10	23/73	11/52
M. Lumpur	33/91	22/71	33/91	23/73 sh
K. Kinabalu	30/85	23/73	30/85	23/73
Manisa	30/85	18/65	29/84	19/68 pc
New Delhi	21/70	13/4	21/70	32/77
Phnom Penh	34/93	22/71	33/88	20/71 pc
Phuket	33/91	23/73	31/88	23/73 c
Rangoon	33/91	16/61	32/88	16/61
Seoul	-1/31	-11/13	2/35	-2/30 pc
Shanghai	4/39	-4/25	5/41	-4/25
Singapore	24/84	24/75	28/82	23/73 sh
Taipei	10/61	12/63	13/55	15/50

## Latin America

Africa					
Algiers	16/81	11/52 r	13/65	8/43 r	
Cape Town	25/72	17/82 pc	25/82	18/84 s	
Casablanca	17/68	10/50 pc	16/81	11/52 r	
Harare	31/78	8/48 pc	30/86	8/48 pc	
Logos	33/91	24/75 s	33/91	24/75 pc	
Nairobi	31/88	12/53 pc	31/88	12/53 s	
Tunis	18/64	12/53 pc	14/57	8/43 c	
Latin America					
Buenos Aires	22/21	14/57 c	24/75	17/82 c	

## Oceania

Rio de Janeiro	31/08	24/75 po	30/85	25/77 pc
Santiago	29/79	12/53 c	23/71	8/48 pc
<hr/>				
<b>Oceania</b>				
Auckland	25/79	15/54 pc	29/79	18/54 pc
Sydney	30/85	23/73 c	29/84	24/75 c

## Power Cuts Hit 220,000 As Storm Batters Florida

The Associated Press

MIAMI — A powerful storm feeding tornadoes and drenching rain struck southern Florida on Tuesday, leaving 220,000 people without power and driving ships aground. At least one person was killed and several people had to be rescued at sea.

As the storm blew in from the Gulf of Mexico and moved slowly northward, states along the East Coast braced for rain, wind and snow.

At least four tornadoes hit the Miami area and another struck near Fort Lauderdale.

A second major storm hammered California, leaving thousands without power Tuesday and causing flooding that shut down Amtrak train service along the entire West Coast and closed highways.

Flood warnings were posted Tuesday for parts of California, North Carolina and Tennessee, with coastal flood warnings on the Atlantic shore as far north as Chesapeake Bay. Winter storm warnings were issued for the Sierra Nevada mountains in California, southern Nevada and northwestern Arizona, while snow warnings were in place for West Virginia.

El Niño, the Pacific warming phenomenon that affects weather patterns worldwide, was believed to be influencing the path and strength of the storms on both coasts.

www.hotelguide.com

check out - before you check in

Business &amp; Leisure Worldwide

View visuals, info, book directly and save.

In more than 50,000 hotels.

COUNTRY/CURRENCY	2 MONTHS NEWSSTAND PRICE	2 MONTHS DISCOUNT OFF COVER PRICE
AUSTRIA	1.55	0.50
BELGIUM/LUXEM.	2.30	1.30
DENMARK	2.30	1.30
FINLAND	2.30	1.30
FRANCE	2.30	1.30
GERMANY	2.30	1.30
GREAT BRITAIN	2.30	1.30
HONG KONG	2.30	1.30
ITALY	2.30	1.30
JAPAN	2.30	1.30
MALAYSIA	2.30	1.30
NETHERLANDS	2.30	1.30
NORWAY	2.30	1.30
SINGAPORE	2.30	1.30
SPAIN	2.30	1.30
SWEDEN	2.30	1.30
SWITZERLAND	2.30	1.30
USA	2.30	1.30

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEAREST IHT OFFICE

## Interest Rates Up or Down?

Interest Rate Policy Will Generate Major Currency Moves.

These moves will directly affect the value of your Portfolio. Prepare yourself to take advantage of these moves by calling today.

SUPERIOR Selection of Managed Accounts

EXCEPTIONAL Global Currency Analysis

EXCEPTIONAL Execution For or Futures

MINIMUMS \$10,000 to \$5,000,000 (USD)

COMMISSIONS 2.5% (USD), 1.5% (EUR)

For My Complimentary Services Guide, Contact Resource Reports, Options and Performance Reports Call (24 hours) Toll-Free:

Australia 1800 123 456 Belgium 00352 123 456 Brazil 0055 11 123 456

Canada 800 123 456 Denmark 0045 123 456 Finland 00358 123 456

France 0033 1 23 45 67 Germany 0049 123 456 Greece 0030 123 456

Hong Kong 00852 123 456 India 0091 123 456 Italy 0039 123 456

Japan 0081 123 456 Korea 0082 123 456 Luxembourg 00352 123 456

Mexico 0052 123 456 Netherlands 0031 123 456 New Zealand 0064 123 456

Portugal 00351 123 456 Singapore 0065 123 456 S. Africa 0027 123 456

Spain 0034 123 456 Sweden 0046 123 456 Switzerland 0041 123 456

Taiwan 00886 123 456 Thailand 0066 123 456 U.K. 0044 123 456

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020

US Toll-Free Line +1-800-376-8020 US Toll Fax Line +1-800-376-8020



## THE AMERICAS

## Sleight of Hand Aside, Clinton's Budget Sets the Political Agenda

By Richard W. Stevenson  
New York Times Service

WASHINGTON — Eliminating the federal budget deficit might help win President Bill Clinton a place in tomorrow's history books, but his new tax and spending proposals just as clearly take aim at today's politics, offering a dissonant mix of conditional generosity and virtuous austerity.

Mr. Clinton has never been content to manage a government of declining resources and influence, and he has more reasons than ever to want to be seen as active and engaged. So he took a budget that should show a modest surplus next year, thanks to a booming economy and the budget agreement he hammered out last year with the Republican-led Congress, and through a bit of ledgerman tacked on an expansive, shrewd set of spending proposals.

"We've done more than simply balance the budget, more than just line up numbers on a ledger," Mr. Clinton said Monday. "We have restored the balance of values in our policy,

restored the balance of confidence between government and the public."

Mr. Clinton is sticking within the overall restrictions of the stringent budget agreement reached last year, and he has sought to furnish an image of fiscal prudence by insisting that any

## NEWS ANALYSIS

surpluses be put aside until the government solves the long-term problems of Social Security. But to pay for new and expanded programs, including more teachers, more classrooms, more child care and more medical research, Mr. Clinton has created two hypothetical pots of money, without which the budget would look a lot less generous.

The first is \$65.5 billion that the White House assumes the federal government will reap over the next five years from a settlement with the tobacco industry — a settlement that faces immense hurdles in Congress.

The other is \$24 billion in measures to raise revenues over the next five years by closing tax

loopholes and taking away tax breaks from powerful interest groups, including Wall Street and the real estate industry. Half of the tax proposals have been rejected by Congress in the past, and much of the other half will also generate intense opposition.

If those two pools of money — plus another generated by spending cuts in a variety of programs, including veterans' benefits — fail to materialize, the administration will find it difficult, if not impossible, to pay for its new programs. And in the meantime, the White House budget is being criticized by the Republican leadership as a fantasy, if not a deception.

"I am having a great deal of difficulty understanding how the president of the United States can in a straight face tell the American people we're living up to last year's agreement, we're going to be in balance and have a surplus, but don't worry about a thing, we can spend \$150 billion on new programs and tax credits and everything is going to be all right," said Pete Domenici, Republican of New Mexico and chairman of the Senate Budget Committee.

Mr. Clinton is hardly the first president to use the budget to set out a political agenda, and it is hardly surprising that he would push his partisan program as hard as possible in a year when Democrats plan to mount an aggressive attack on the Republican majority in the mid-term congressional elections.

"Anyone who thinks the budget process is about accounting or numerology should know that it's not," said Martha Phillips, the executive director of the Concord Coalition, a nonpartisan fiscal watchdog group. "It's political," she said. "It's about developing your vision for the next 5 or 10 years, and working backward from there to make the numbers add up."

In his budget, she said, Mr. Clinton "is being a Democratic president leading his party."

Democrats hail the economic benefits from eliminating the deficit — lower interest rates and more economic growth — but also focus on the increased flexibility that balanced budgets provide in addressing the nation's problems through new tax and spending programs.

Most Republicans, by contrast, see both eco-

nomics and an opportunity to reduce the size and influence of the federal government — moving power closer to the people and freeing the economy from the burdens of taxation and regulation.

"Republicans are asking Americans to make a false choice between big government and less government," said Representative Richard Gephardt of Missouri, the Democratic leader in the House. "Democrats believe the choice is between smart government and idle government. This budget shows where the debate should begin."

If the tobacco settlement comes together, Mr. Clinton would have a good shot at enacting at least some of his spending proposals, few of which Republicans would want to be on record as voting against.

Even without the settlement, Mr. Clinton will have given Democrats a positive agenda to take on the campaign trail. And by invoking the need to fix Social Security before parceling out any surplus, he has complicated the task of Republicans in advancing the centerpiece of their agenda, tax-cutting.

## Lewinsky's White House Visits: 37

Intern's Entries There Took Place After She Left for Pentagon Job

By Don van Natta Jr.  
and John M. Broder  
New York Times Service

WASHINGTON — Monica Lewinsky visited the White House about three dozen times after leaving her low-level job there to work at the Pentagon in 1996, and she was usually cleared for entry by the president's personal secretary, according to officials who have either seen or been briefed about White House visitation logs.

The frequency of Ms. Lewinsky's visits had not been previously disclosed. Officials at the Pentagon said Monday night that the trips were not related to her job at the press office there.

Ms. Lewinsky's White House visits are a crucial piece of information as the independent counsel, Kenneth Starr, investigates accusations that President Bill Clinton had a sexual relationship with Ms. Lewinsky and then encouraged her to lie about it. Mr. Clinton has strongly denied having had a sexual relationship with Ms. Lewinsky, and he has said he never asked anyone to lie.

Officials familiar with the White

House logs did not describe Ms. Lewinsky's ultimate destination in the White House or the purpose of her visits, including whether she saw the president.

One official said the records indicated that Ms. Lewinsky was given clearance to enter the White House on 37 occasions from April 1996 to December 1997. The New York Times has reported that her last visit to the White House, now under scrutiny by investigators, occurred Dec. 28, 11 days after she had been subpoenaed to testify in the Paula Jones sexual misconduct lawsuit against the president.

Ms. Lewinsky is claiming that during that visit the president told her that she could testify in Mrs. Jones's lawsuit that her visits to him at the White House were to see his secretary, Betty Currie, according to an associate of Ms. Lewinsky and others who know her version of events.

Ms. Currie's desk is just outside the Oval Office door, and Ms. Currie acts as Mr. Clinton's gatekeeper, admitting or deflecting visitors and screening telephone calls. She appeared before Mr.

Starr's federal grand jury last Tuesday. A White House spokesman refused to confirm or deny the specific number of visits Ms. Lewinsky made to the White House after moving to the Pentagon in April 1996.

The frequency of Ms. Lewinsky's White House visits underscores the unusual access granted to a low-level employee, access that other White House and government employees have characterized as uncommon.

Assistant Defense Secretary Kenneth Bacon, the Pentagon's chief spokesman and Ms. Lewinsky's immediate supervisor before she left that job Dec. 24, said, "It was not part of her official duties to go to the White House."

The White House has declined to release what are called "wave" records, which log the precise times that outsiders are granted clearance to visit the White House, despite repeated requests from news organizations.

The wave records were turned over to Mr. Starr's investigators on Jan. 26, just before the independent counsel began presenting evidence to a federal grand jury last week.



A sound technician staking out the Watergate apartment of Monica Lewinsky in Washington clipping from a box of doughnuts sent down by Bob Dole, the 1996 Republican presidential candidate, who also lives there.

## Clinton Team's Strategy: Hold On to the Documents

By Peter Baker  
Washington Post Service

WASHINGTON — Throughout the dispute last year over Democratic campaign fund-raising, the White House strategically released entry logs, telephone records, notes and other internal documents that may not have provided a flattering portrait of its activities but at least kept congressional critics from putting the information out first.

In the two weeks since the furor erupted over whether President Bill Clinton had a sexual relationship with a former White House intern, Monica Lewinsky,

and coached her to deny it under oath, the White House has assembled many of the same types of records and turned them over to the independent counsel, Kenneth Starr.

But information about White House visits and presidential phone calls that was made public last year is now being fiercely protected.

The change in strategy reflects the different nature of the perceived threat, according to White House officials. Clinton aides saw the campaign finance imbroglio largely in political terms. The idea was to release documents themselves to preempt Republicans, who

probably would have leaked them the next day with their own spin on them, the president's advisers reasoned.

With Ms. Lewinsky, they believe, the danger is legal and thus far more serious.

"They've been much more circumspect," the White House press secretary, Michael McCurry, said of the lawyers who have controlled the flow of information.

Yet Mr. McCurry also said that White House officials are reluctant to provide specific information about Ms. Lewinsky unless they can then deal with the new inquiries it would generate. Re-

leasing logs listing who had visited the White House, for example, would only prompt questions about each visit and what it was about, he said.

"It's not that we can't answer the first set of questions," Mr. McCurry said. "It's the second, third, fourth and 10th set of questions that we can't answer. And then we'd be accused of being less than thorough and complete. And so not having a complete story, it's better to just lay back and wait."

As a result, though, other White House aides fear that Mr. Clinton has suffered because he has not put out any version of the facts at all.

## New Target for L.A. Paparazzi?

Lewinsky Goes to California for 'Quiet Time' With Her Father

The Associated Press

WASHINGTON — Monica Lewinsky left Washington for California on Tuesday as her attorney said "we are where we want to be" in dealing with prosecutors who are investigating an alleged presidential affair and cover-up.

"It is a quiet time next week," the attorney, William Ginsburg, said in a telephone interview from Dulles International Airport before he and his client boarded a flight to Los Angeles.

Mr. Ginsburg also said a New York Times report that his client visited the White House 37 times after leaving her job there in 1996 was not surprising.

"It doesn't seem high to me," Mr. Ginsburg said, adding, "I'm not denying she'd be making visits like that."

Mr. Ginsburg said he expected Ms. Lewinsky's visit with her father in California to last about a week. "We will be working with Monica to calm her down, advise her on her legal strategy and let her see her dad," he said.

Asked where matters stood with Kenneth Starr, the independent counsel, Mr. Ginsburg said, "Gen-

erally speaking, we are where we want to be."

"Quite honestly, it is up to him to be in contact with us," Mr. Ginsburg added, referring to stalled talks with Mr. Starr to secure Ms. Lewinsky's cooperation in exchange for full immunity from prosecution.

"Now that I am off the TV circuit, we will be working full-time preparing a legal defense," said Mr. Ginsburg, who had conducted a weeklong media blitz defending his client.

Ms. Lewinsky may not find the peace and quiet she is seeking in her father's home near Los Angeles, in Brentwood — the site in the O.J. Simpson saga where paparazzi camped out around the clock, helicopters buzzed overhead and gawkers cruised by day and night.

"We're kicking our chops," said Lisa Gregorisch, executive producer of the tabloid TV show "Hard Copy." "We're at the airport, we're at the house, we're at her dad's offices."

"She's going to be followed wherever she goes," Ms. Gregorisch said. "This is the paparazzi's back yard."

## Group Claims Abortion Clinic Bombing

By Rick Bragg  
New York Times Service

ATLANTA — Two letters claiming to be from the Army of God, a group that has already taken responsibility for a pair of bombings in Atlanta last year, say that it also carried out the bombing last week at an abortion clinic in Birmingham, Alabama, where an off-duty police officer was killed and a nurse was maimed.

The apparently identical letters — one sent to the Atlanta office of Reuters, the other to The Atlanta Journal and Constitution — were intercepted Mon-

day by federal agents. Federal officials would not say precisely where the letters had been intercepted or why they had drawn suspicion.

Investigators would say only that the letters were similar to those in which the Army of God had claimed responsibility for the Atlanta bombings, at an abortion clinic and a gay nightclub.

The letter said abortion rights advocates apparently hope that if they are successful in efforts to market the French abortion pill RU-486 in the United States, "the resistance will end." Instead, it said, "we will target anyone who manufactures, markets, sells" or distributes the drug.

## Away From Politics

• A powerful explosion at a factory in York, Pennsylvania, collapsed part of the building and threw large chunks of metal up to 12 blocks away, killing at least two workers. Several hundred workers were in the factory, which makes refrigeration, heating and air conditioning units, when the blast occurred. (AP)

• Federal prosecutors have bungled an investigation of organized crime's efforts to infiltrate Wall Street by mistakenly revealing their strategy in a key case. The New York Times reported. The government made public a confidential memorandum containing the names of victims and potential witnesses in the case involving reputed members of the Genovese and Bonanno crime families. The document was inadvertently filed last year in federal court in Phoenix, Arizona, and a defense attorney obtained a copy, the newspaper said. (AP)

• So-called deadbeat parents can be thrown in jail for failing to get jobs to make child-support payments, the California Supreme Court ruled, calling financial support of children a "fundamental parental obligation." Before the ruling, only parents who had an income and refused to pay support were jailed. (LAT)

• A former fire fighter who provided copies of FBI center blueprints to the Mountainview Militia was sentenced by a judge in Wheeling, West Virginia, to a year and a day in prison. James Rogers became the first person to be sentenced under a 1994 anti-terrorism statute. (AP)

## POLITICAL NOTES



Former Governor Fife Symington of Arizona and his wife, Anne, after he was sentenced in Phoenix to 30 months for defrauding lenders.

## Symington Sentenced In Land Fraud Case

PHOENIX — Fife Symington, the former governor of Arizona whose once-promising political career lies in ruins, has been sentenced to two and a half years in prison and five years' probation for his conviction on federal charges that he defrauded his lenders as a commercial real estate developer in the late 1980s and early 1990s.

"It's sometimes hard to believe that, from such stupid mistakes, a nightmare was born and flourished," Mr. Symington told a hushed courtroom during the sentencing here Monday afternoon, his voice sometimes cracking as family members cried quietly in the front rows behind him.

He described the five-year criminal investigation and trial as "the most brutal experience of my life."

Judge Roger Strand of U.S. District Court read the sentence solemnly from papers on the bench, seldom looking at Mr. Symington, a grandson of the robber baron Henry Clay Frick. As recently as five years ago, Mr. Symington was considered among the national Republican Party's rising stars.

Judge Strand reduced the sentence from the 10 years in prison that prosecutors had sought on the ground that the losses Mr. Symington caused his lenders by submitting false financial statements overstated the seriousness of his crime, and on the ground that his status as a former public official might subject him to physical harm in prison.

## Shalala Laps It Up

WASHINGTON — Donna Shalala is sporting a mustache to promote public health.

Secretary of Health and Human Services, Ms. Shalala has become the latest celebrity to mug for a milk

advertisement, like the one that featured Patrick Ewing, the New York Knicks basketball star. She donned the familiar white milk mustache in a full-page advertisement in several national publications this week, including The New York Times.

Ms. Shalala posed for the advertisement to promote the benefits of calcium in preventing osteoporosis, a bone disease particularly serious among older women, aides said. But the advertisement is intended for teenagers.

"Girls need to get calcium at an early age," said Melissa Skolfield, the department's chief spokeswoman. "They drink diet Pepsi instead of milk. They risk stress fractures and permanent bone damage."

Ms. Shalala and the department waived the fee the secretary would otherwise have been paid.

Some public health advocates, though, questioned the propriety of a cabinet secretary hawk for the National Fluid Milk Processor Promotion Board, the nation's milk bottlers and processors.

"We have no dispute with the message, but there's certainly a slippery slope here," said Michael Jacobson, executive director of the Center for Science in the Public Interest, a health advocacy group here. "Cabinet secretaries should not be used in ads, whether it's for milk, mattresses or guided missiles. It sets a precedent that someone in the future will use for a controversial cause." (NYT)

## Quote/Unquote

Leon Panetta, former White House chief of staff, announcing that he will not run for governor of California because of the huge fund-raising demands that would be required: "I estimate that I'd have to raise something like a million dollars a week, starting now, to be competitive. My conclusion is that at this late date, it's just not realistic to expect that I could put together an effective campaign." (WP)

## ENTERTAINMENT

Appears every Wednesday in The Intermarket. To advertise contact Sarah Wernhof in our London office: Tel.: +44 1 71 420 0336 Fax: +44 1 71 420 0338 or your nearest IHT office or representative.

Great Location for Business Travellers

swissôtel

ISTANBUL  
THE BOSPHORUS

A member of The Leading Hotels of the World

Telephone: 00 90 212 239 01 01 Telex: 90 212 239 01 05 FAX: 00 90 212 239 01 05  
Cable: 00 90 212 239 01 05 JAPAN: 011 81 3 3555 5555  
USA/Canada: 800 427 9477 UK: 0800 614 145 JAPAN: 011 3 3555 5555  
www.swissotel.com www.istanbul.com Email: bosphorus@swissotel.com

## THE INTERMARKET

## On Internet

Classified ads placed in the International Herald Tribune can now be seen on the IHT web site.

<http://www.ihtr.com>

A great deal happens at The Intermarket



THE WORLD'S DAILY NEWSPAPER



## INTERNATIONAL

# Readying Air Strike on Iraq: Wary Saudis Remain Key to Equation

By Barton Gellman  
Washington Post Service

RIYADH — When the U.S. secretary of state, Madeleine Albright, sat down to dinner amid the autumn hills and circus-size tents of the crown prince's desert encampment, the highest question of her Gulf mission was on the table: whether U.S. warplanes would be allowed to use Saudi air bases to stage air strikes on Iraq.

More than seven hours later, long past nightfall Monday and long beyond schedule, Mrs. Albright emerged tense and drawn without an answer. Of the military requests, she said only that Prince Abdullah bin Abdulaziz "took them all on board."

"I did lay out some of the military issues to the crown prince," Mrs. Albright said. "He wanted to consult with other members of his government."

Mrs. Albright added, however, that Riyadh and Washington agreed that Baghdad was to blame for the crisis over United Nations inspections of suspected Iraqi nonconventional weapons sites. "Responsibility" for this "falls squarely on the shoulders of Saddam Hussein," she said.

Sources in Riyadh, meanwhile, said that the emir of neighboring Kuwait, Sheikh Jaber al Ahmad al Sabah, gave Mrs. Albright permission Sunday for U.S. F-117A Stealth fighters and A-

10 ground-attack aircraft to strike at Iraq from Jaber Air Base in southern Kuwait should diplomacy fail to bring Baghdad's full compliance with UN disarmament conditions imposed after the 1991 Gulf War.

Bahrain, the next focus of Mrs. Albright's eight-nation tour, was regarded by the Clinton administration as likely to add its consent for attacks by U.S. B-1 bombers and F-16 and F-15 fighter jets deployed at Bahrain's Sheikh Isa Airfield, where they have been stationed since November.

But the Saudi position represents larger stakes than that of any other nation in the region, both diplomatically and operationally. The Clinton administration would like more than a pair of tiny Gulf emirates to demonstrate Arab support for an air offensive against Iraq.

Moreover, the U.S. military urgently needs Saudi airspace and airfields to launch enough missiles and bombing raids to "put at risk the things that matter most" to Mr. Saddam, as General Anthony Zinni, chief of the U.S. Central Command, recently described the goal of any air offensive.

To that end, U.S. officials in Riyadh and in Washington say they hope for at least the same answer to the U.S. requests that Saudi Arabia has given twice before since the Gulf War: "yes" to the use of refueling, radar-jamming and AWCs

battle-management aircraft, even though it said "no" to bombers and missile launchers.

Part of the reason Saudi help is needed is that time would be crucial in the air campaign.

Some members of President Bill Clinton's senior foreign policy team have acknowledged that allied and world reaction, especially among Arab states, will impose practical limits on the duration of any air bombardment. Thus, if time is short, land-based American and British warplanes will have to fly a high number of sorties daily to inflict substantial damage on Iraq's conventional and nonconventional military forces.

General Merrill McPeak, who was air force chief of staff during the Gulf War and is now retired, was quoted after the conflict as saying that warplanes launched from aircraft carriers against an adversary are like drizzle, while their land-based counterparts deliver blows "like Zeus."

The simile is exaggerated perhaps and not much regarded by the navy, but it contains a grain of truth. Strike aircraft aboard three U.S. carriers and one British carrier in the Gulf region — along with cruise missiles from escorting warships and from B-52 bombers based on the Indian Ocean island of Diego Garcia — can and would be part of any air campaign. But defense officials say they lack the needed combination of heavy payload and rapid turnaround time that enables one

aircraft to fly several missions each day.

That makes Saudi Arabia a crucial partner in any sustained air assault because it hosts nearly one-third of the U.S. aircraft in the region and controls a large part of the available airspace and airfields near Iraq.

Mrs. Albright is leaving military details to Defense Secretary William Cohen, who is scheduled to visit Riyadh next week. But officials said she set out to persuade Prince Abdullah — who has taken on much of the authority of his ailing half-brother, King Fahd, and is less enthusiastic than the monarch about the U.S. alliance — that his country cannot sit out the fight, if it comes to that.

"The Saudis don't have any sympathy for Saddam Hussein, but they do have to worry about their own public opinion of the suffering of the people of Iraq," a U.S. defense official said.

The question is how many pictures of dead bodies can they stand, because we know Saddam is going to give them those pictures, even if we conduct the perfect air campaign."

Saudi military cooperation could come in a number of forms, some vital and all of them desirable, according to U.S. officials. The first, nearly impossible to operate without, is permission for attacking jets and missiles to fly over Saudi territory. There is simply not enough room in the bottleneck of international airspace formed

at Iraq's southeastern border for all the traffic required of a substantial air campaign. In any case, defenseless aircraft such as AWACS and fuel tankers need to hang back over Saudi airspace to avoid the fray.

Another key request that U.S. planners have made is for the use of Saudi bases for the scores of support aircraft needed by the strike planes. These support planes include the AWACS aircraft that synchronize all the other warplanes; EF-111 radar jammers used to Iraqi air defenses; KC-135s used to refuel fighters flying long air patrols, and EC-130s used to gather battlefield intelligence.

Also in this category but closer to a combat role are the F-15C fighters assigned to protect the other aircraft from Iraqi jets. The majority of all these support aircraft in the region are based in Saudi Arabia.

A military officer closely involved in the plans said that if the United States could not use Saudi Arabia for support aircraft, then "I don't know if we could even pull it off."

In theory, aircraft carriers could take over the support responsibilities, but with scarce deck space and catapult availability the vessels would lose much of their striking power. If carrier-based F-14 fighters had to fly combat air patrol, for example, they would carry missiles used to shoot down other planes instead of bombs.

## Iraq Parallel With Vietnam

Senate Resolution Strikes Some as a 'Blank Check'

By Helen Dewar  
Washington Post Service

WASHINGTON — When Senate leaders proposed a resolution last week urging President Bill Clinton to "take all necessary and appropriate actions" against Iraq, they intended a strong bipartisan message to President Saddam Hussein that the United States means business about forcing destruction of Iraq's weapons of mass destruction.

Instead, the broad sweep of the resolution has stirred memories of the Gulf of Tonkin resolution that President Lyndon Johnson used to escalate U.S. involvement in the Vietnam War. As a result, it has invited debate over the administration's long-term strategy on Iraq.

Critics of the resolution have not objected to the administration's declared plans for air strikes against Iraq if its leaders do not allow unrestricted weapons inspections, although some have misgivings about the plans. Rather, they are taking issue with what they see as a "blank check" for military escalation without a vote of Congress — as happened after 1964, when Congress sanctioned "all necessary measures" by Johnson to repel attacks on U.S. forces in Vietnam and "to prevent further aggression."

Even though the Gulf of Tonkin resolution had the force of law, unlike the proposed one, some legislators fear that the current measure could be used as a tacit endorsement of an expanding military mission, including possible deployment of American ground troops.

"When I read that language, all the bells and whistles went off," said Senator Richard

Durbin of Illinois, one of several Democrats who are urging changes in the resolution to acknowledge constitutional and legal limits on presidential use of military force.

"I've been down that road before and don't want to go down it again," said Senator Max Cleland, a Georgia Democrat who lost both legs and one arm in a grenade explosion during the Vietnam War. "My point here is that there shouldn't be a rush to judgment" which he said was the case with the Gulf of Tonkin resolution.

Even some who support the resolution, such as Senator Joseph Biden Jr. of Delaware, the ranking Democrat on the Foreign Relations Committee, argue that Congress should go further and vote on formal authorization of military action, including air strikes.

In addition, senators say there are strong, although largely unspoken, concerns about where administration policy is headed, including how the United States will respond if air strikes fail to result in Iraqi cooperation with weapons inspectors.

A vote on the resolution, originally targeted for last week, was put off until after a briefing on Iraq on Capitol Hill by Defense Secretary William Cohen and the national security adviser, Samuel Berger.

Senators, meanwhile, were exchanging proposals for a compromise. The Senate majority leader, Trent Lott of Mississippi, who drafted the proposal with the support of the minority leader, Thomas Daschle of South Dakota, said he was "not wedded" to the original wording but did want language with "some punch to it." There was never an intention to authorize ground troops, the Republican added, and the resolution would not do so.

## IRAQ: Cairo Eases Opposition to Military Action

Continued from Page 1

in the confrontation over United Nations inspection of Iraqi weapons. American officials said Mrs. Albright encountered no unexpected opposition to use of U.S. combat jets based at the Sheikh Isa Air Base in Bahrain if the United States decided to bomb Iraq.

Washington's Arab allies are far from enthusiastic at the prospect of U.S. air strikes against Iraq. Public opinion in Arab countries is deeply sympathetic to the Iraqis, if not to Saddam Hussein, and pro-Western Arab states are united in emphasizing the need for a diplomatic solution to the standoff.

Adding to diplomatic efforts by France, Russia and Turkey, the Arab League has dispatched its secretary-general, Esmat Abdel Meguid, to Baghdad in a last-ditch effort to persuade Mr. Saddam to back down. Outside of Bahrain and Kuwait, the United States has no assurances that its allies in the region would cooperate in military operations if diplomatic efforts failed.

At the same time, American officials said they had been gratified by expressions of support from such Arab leaders as King Hussein of Jordan and Crown Prince Abdullah of Saudi Arabia.

After Prince Abdullah and Mrs. Albright met for six hours Monday night, the Saudi government said in a statement that the failure of diplomatic efforts would

lead to grave consequences whose responsibility would lie exclusively on the Iraqi regime."

Mr. Moussa, the Egyptian foreign minister, used similar language in his comments to reporters after meeting here with Mrs. Albright and President Hosni Mubarak. Egypt, he said, is "fully behind the diplomatic efforts and diplomatic option in order to avoid grave consequences, the options we all know that are still on the table."

Asked whether Egypt was prepared to back military force against Iraq if diplomacy fails, Mr. Moussa replied, "I'm not ready to go beyond that for the time being."

A senior U.S. official in Mrs. Albright's delegation noted that Egypt joined France and Russia last fall in abstaining on an American-sponsored resolution calling for modest travel sanctions on Iraqi officials during the last episode of defiance of UN inspectors. "Now all of them are united in their determination to see compliance," the official said.

While acknowledging that none of the Arab allies is eager for a military strike, the official said Mrs. Albright saw nothing "to suggest that if force became necessary there would be a groundswell of opposition from Arab countries."

Bahrain's foreign minister, Mohammed bin Mubarak al Khalifa, appearing alongside Mrs. Albright at a news conference Tuesday, repeated several elements of the for-

mula that she has pressed in her diplomatic campaign.

Iraq, he said, should "reconsider its position" and "adhere to, comply with and implement all relevant United Nations Security Council resolutions."

Every diplomatic effort to "reach a peaceful solution to the current crisis should be fully explored," but "failure of such diplomatic efforts will have grave consequences, the full responsibility for which will lay with Iraq."

The Bahraini statement stopped short of endorsing the slightly more bellicose language of France and Kuwait that "all options are open" if Iraq failed to cooperate with UN inspectors. But it represented solid diplomatic support, and U.S. officials said they had little doubt that the emir would back the use of force if it comes.

In Baghdad, meanwhile, a French envoy, Bertrand Dufourcq, arrived Tuesday with a message from President Jacques Chirac to Mr. Saddam.

The French emphasized "face-saving" ways, an official said, of restarting talks about access to the weapons sites without Mr. Saddam appearing to have been beaten.

One possibility likely to be discussed was having the UN inspectors at the sites be accompanied by diplomats from member-countries of the UN Security Council. Since the sites are designated presidential, officials explained, the presence of diplomats could grant more "dignity" to the visits.

### Russian Envoy in Iraq

Russia said its efforts to get Iraq to obey UN demands and head off military action were progressing, Reuters reported from Moscow.

But the outcome of talks by a Russian envoy, Viktor Posurvalyuk, was unclear after Baghdad denied Russian reports that Mr. Saddam had agreed to open eight new presidential sites to UN arms inspectors.

Also Tuesday, Baghdad criticized a UN proposal to increase oil sales under its oil-for-food deal, saying the move aimed at stealing "half of Iraq's oil wealth."



CONFRONTATION — A Palestinian whose house was being bulldozed threatening Israeli soldiers with a stone Tuesday in Ras Karakar, West Bank. The Israelis said the house had been built illegally.

## ISRAEL: Nation Gloomy Over the Stalled Peace Process

Continued from Page 1

Bill Clinton failed to find a solution, low-level officials were not likely to.

"Such visits to Washington are motion without movement in a bid to convince the public that the process is alive, since the only thing that Netanyahu and Arafat fear is that they will be blamed by the U.S. for the halting of the process," Mr. Makovsky wrote.

A poll taken by Tel Aviv University indicated that a majority of Israelis surveyed were convinced that the peace effort had basically come to a stop, and an even greater majority was worried about this. Asked how they described "the current status of the peace process between Israel and the Palestinians," 75 percent of those responding said the process was essentially stalled, and 83.1 percent said they were "fairly" or "very" worried.

The risk that a collapse of the peace effort could lead to renewed violence was underscored by a third day of clashes between rock-throwing Palestinian youths and Israelis firing rubber bullets and tear gas at the entrance to Bethlehem. The fights began after the funeral of a Palestinian youth who died in Israeli detention. The Israeli authorities said he had killed himself.

The potential for more severe vi-

olence was demonstrated when a group of Israeli soldiers began moving toward the Palestinian-controlled part of the road into the city and several Palestinian soldiers stepped out with automatic rifles. After a few tense moments, the Israelis retreated.

The failure of President Clinton's meetings with the two leaders, and of Mrs. Albright's follow-up visit over the weekend, were largely overshadowed here by Mr. Clinton's domestic and legal problems and by the threat of a war with Iraq.

The major question in the media in recent days has been whether a U.S. attack on Iraq would expose Israelis to the threat of an Iraqi chemical or biological attack, although government officials have repeatedly sought to assure Israelis that Iraq has not been threatening Israel.

Nonetheless, Israelis have been converging on distribution centers for gas masks in recent days to replace the obsolete masks they were issued during the Gulf War in 1991.

Israeli television Monday showed four American-made Patriot anti-ballistic missiles being deployed on dunes in the Negev. The army said the deployment was a "routine training exercise."

The United States issued Patriot missiles to Israel during the Gulf War as a defense against Iraqi Scud

missiles. The Patriots proved a poor shield, and 39 Scuds landed in Israel during the war.

### Iraqi Attack Not Expected

Mr. Netanyahu, seeking to calm a jittery public that has packed gas mask distribution centers, said Tuesday that there was scant chance of an Iraqi missile attack on Israel, Reuters reported.

The government, accused in the media of keeping Israelis in the dark about the level of threat in the crisis with Iraq, paraded a phalanx of generals before microphones to administer what Israel Radio called a "multiple dose of tranquilizers."

"We assess that the chance of an attack by Iraq against Israel is extremely small," Mr. Netanyahu said. But he said Israel, out of a "sense of responsibility" was preparing for the possibility and was ready than any other country "to protect its citizens on the home front."

Deputy Defense Minister Silvan Shalom said that the situation was now completely different from 1991. "The number of missiles has been greatly reduced," he said, "as well as the number of launchers that were cut to a minimum, if they exist at all."

"The second point is that this time, in contrast to 1991, our hands are not tied and Saddam Hussein knows this," he added.

### BRIEFLY

#### Russia Backs Talks On Land Mine Ban

GENEVA — Russia on Tuesday joined the United States in calling on the world's main disarmament conference to negotiate a global ban on land mines — but made it clear it did not expect quick results.

It was the first time that Russia had spoken clearly in favor of the 61-nation Conference on Disarmament in Geneva working on a prohibition treaty that would include countries which refused to join the ban signed in Ottawa in December.

But in a speech to the disarmament conference, the Russian negotiator, Grigori Berdennikov, said countries that agreed to the ban should not try to force the pace in wider Geneva talks.

Russia, which has huge stockpiles of anti-personnel land mines, was not among the 121 countries that signed the Ottawa treaty banning their use, production and export. Neither was the United States, China or India.

"We support the beginning of a gradual process leading eventually toward achieving a truly global ban on the production, use and transfer of anti-personnel land mines," Mr. Berdennikov said. (AP)

#### Kenyan Parliament Opens Amid Protest

NAIROBI — Dozens of opposition members of Parliament staged a noisy demonstration inside the Kenyan National Assembly on Tuesday during the first parliamentary session since elections on Dec. 29, witnesses said.

About 50 opposition lawmakers chanted and waved placards protesting perceived government indifference to a wave of ethnic violence in which more than 100 people have been killed since Jan. 11. The chanting continued when President Daniel arap Moi arrived to take his seat, and dozens of opposition members refused to stand as he entered the chamber.

But opposition threats to disrupt the election of the speaker of the house faded, and Francis Ole Kaparo, a member of the governing Kenya African National Union, was re-elected for a second five-year term.

The governing party has 113 seats in the new Parliament, Kenya's eighth since independence in 1963. Opposition parties have a total of 109 seats. (Reuters)

#### 15 Slain on Road In Western Algeria

ALGIERS — Attackers disguised as police officers set up roadblocks and killed 15 people in western Algeria near the border with Morocco, a communiqué from the security services said Tuesday.

The victims were traveling separately in three cars when they were attacked Monday near the town of Tlemcen about 550 kilometers west of Algiers, the communiqué said.

Most of them had their throats slit, residents of the region who spoke on condition of anonymity said. (AP)

#### 2 Sentenced in U.S. Over Food for Cuba

MIAMI — Two men who had pleaded guilty to shipping food to Cuba in violation of the U.S. embargo have been sentenced to five months in prison and five months of house arrest.

The food was worth more than \$400,000, according to a federal indictment.

Carlos Fernandez, 52, a Cuban residing in the Miami area, and Kenneth Boyer, 42, an American resident of Santo Domingo, admitted that they were part of an operation that shipped food through the Dominican Republic to Havana, the government said.

Mr. Boyer also was fined \$30,000. (AP)

Why have more than 100 multimedia companies chosen to establish themselves in the Côte d'Azur?

Don't miss the Sponsored Section  
**Côte d'Azur:**

Where Multimedia Flourishes  
on February 5, 1998

Herald Tribune

THE WORLD'S DAILY NEWSPAPER



Crown Prince Hassan of Jordan, right, greeting Bernard Dufourcq, the French envoy, at the palace in Amman on Tuesday. Mr. Dufourcq later went on to Baghdad with a message for Saddam Hussein.











## INTERNATIONAL

# High Court Lets Texas Proceed on Execution

Woman's Fate Is Left in Hands of Governor

Compiled by Our Staff From Dispatches

HUNTSVILLE, Texas — Hours before her scheduled execution, Karla Faye Tucker had a U.S. Supreme Court appeal seeking to stop her execution denied on Tuesday, leaving her fate in the hands of Governor George Bush.

Ms. Tucker was to be put to death by lethal injection after 6 P.M. local time at the state prison here for a 1983 double murder. Unless the Texas governor granted a reprieve, Ms. Tucker would become the first woman executed in Texas since the Civil War.

The application for stay of execution of sentence of death presented to Justice Scalia and by him referred to the court is denied, the Supreme Court said in a brief statement.

Ms. Tucker's lawyers said a reprieve was unlikely. Last year, 37 men were executed in Texas without intervention from Governor Bush, who is considered a possible Republican presidential candidate in 2000.

"Texas has no mercy," said her attorney, David Botsford. "The clemency process in this state is a farce."

Wally Bacre Ndiaye of Senegal, a UN specialist on summary and arbitrary executions, sent an "urgent appeal" on humanitarian grounds to Texas authorities to spare the convicted murderer. "It is simply a humanitarian appeal," said John Mills, a human rights spokesman.

Ms. Tucker was calm after a restless night Monday and increasingly resigned to her apparent fate, said Larry Todd, a spokesman for the Texas Department of Criminal Justice.

"She continues to say she's right with her lord," Mr. Todd said.

Ms. Tucker, 38, received the death penalty for the 1983 pickax murders of

Jerry Dean and Deborah Thornton during a Houston burglary. She said she was a drug-addicted prostitute at the time, but that she has found Jesus while in prison. She sought to have her sentence reduced to life in prison.

An accomplice, Daniel Garrett, was also sentenced to death but died of liver disease in prison.

Because of her sex and religious conversion, her cause attracted support from around the world, with appeals for clemency coming from Pope John Paul II, the United Nations and the European Parliament. In Rome, demonstrators gathered outside the U.S. Embassy, holding candles and banners saying "Clinton save Karla Tucker."

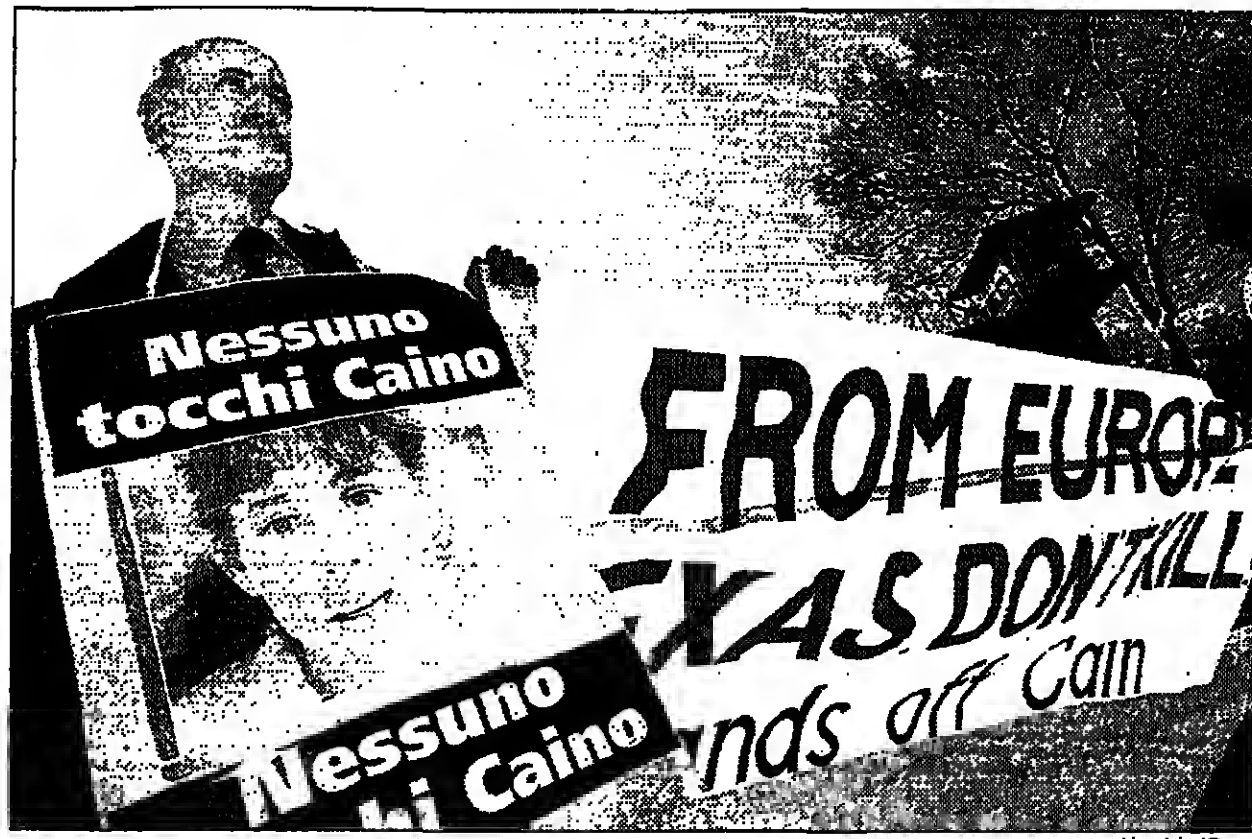
"We are here to stop the execution of Karla Tucker, who is a different person from the one who committed the murder 15 years ago," said Gaia Rosini, a Rome resident.

Ms. Tucker was to spend Tuesday morning saying good-bye to family and friends and getting counseling from a minister and a "trauma team" to ease anxiety, a prison spokesman said.

At midday, she was to be taken to a cell next to the death chamber and allowed no more visitors. She was to shower and change into the clothing she selected for the execution: a fresh, white prison uniform, the only wardrobe she has known for 14½ years.

In midafternoon, she was to eat her last meal, which she selected: a banana, sliced peach and salad with ranch or Italian dressing. The prison spokesman said she would be led to the death chamber and strapped on to a gurney at 6 P.M., given a few moments to make a final statement, then put to death by a lethal mix of chemicals injected into her arm.

(AP, Reuters)



An official of Hands of Cain, an Italian group that opposes capital punishment, protesting Tuesday in Huntsville.

## BLAIR: Prime Minister Is Making a Timely Visit to Washington

Continued from Page 1

makes Mr. Blair clearly uncomfortable.

"I do not presume in any way to interfere with the American political process," he said. "I've made clear my support for the president and let me say at once I've never pretended to be any better or different than anyone else."

Mr. Blair looks very much at home after nine months in No. 10 Downing Street, working cohesively in a side room off the main entrance corridor with a sofa, a coffee table and no desk. Putting his jacket on, he greets guests or government ministers in the cream-colored cabinet room next door with its two fluted white columns at one end and three brass chandeliers spaced along the ceiling.

It is only five years since Mr. Blair, then the shadow home affairs minister from a party that had lost four straight general elections, went to Washington and witnessed the Democrats prepare for the first inauguration of their invigorating new leader, Bill Clinton. The two did not meet then.

Mr. Blair returned to Britain and a year later became the leader of Labour with an aggressive agenda to shed its socialist past and turn it into a center-left group willing to lend an ear to the in-

terests of business and dedicated to capturing the votes of a middle class that previously had seen the Conservatives as the only party that encouraged opportunity.

That transformation swept Mr. Blair and his party into office May 1 with a majority of 179 in Parliament. He set out on an ambitious and activist program of social change and an attempt to settle the bloody conflict in Northern Ireland that has given him the highest job approval ratings of any British prime minister in history.

Mr. Clinton added London to his itinerary on a visit to Europe last May, and he and Mr. Blair emerged from a meeting to give a press conference that was much commented on for its quality of mutual admiration. Three months ago, Mrs. Clinton came to Northern Ireland and England with several administration officials and spent a weekend at the official Chequers retreat with Mr. Blair, his wife Cherie, a noted lawyer and part-time judge, and a group of cabinet members in an extended discussion on common social policy challenges like juvenile crime, welfare, school class sizes, child care and public health.

A similar trans-Atlantic policy work session has been scheduled in Washington this Friday, and Mr. Blair has

chosen as his government companions for the trip cabinet officers from the social policy area. Fresh off the Concorde on Wednesday night, Mr. Blair will meet with Michel Camdessus, head of the International Monetary Fund; Alan Greenspan, chairman of the Federal Reserve Board; and Robert Rubin, secretary of the Treasury, to discuss issues of the European Union, of which Britain is currently president.

He will have a long meeting with Mr. Clinton at the White House on Thursday, visit Congress later that day, and be feted at a dinner with a high celebrity count that night. Friday he and the president will hold a press conference and then go to Camp David, where Mr. Blair will join Mr. Clinton in his weekly taped radio broadcast.

In the interview Mr. Blair said he saw Britain as a "bridge between the U.S. and Europe" and resisted any suggestion that being perceived as close to America prejudiced Britain's relations with Europe.

"It is not just Britain who stands as an American friend," he said. "You scratch beneath the surface of whatever stuff is thrown around from time to time, Europeans I can tell you, the ones that I talk to, are fully 100 percent behind a strong relationship with the U.S."

## MORES: Support for Clinton Reflects Deep-Seated Changes in Attitudes in the Nation

Continued from Page 1

extremely hard to summon up a vision of a president with a pristine public image.

Such reports that unfaithful husbands and other presidents seem to lead to reactions like that of Patricia Riley, 38, a free-lance writer and divorced mother of two in Sunrise, Florida. Mr. Clinton has "done so much for the country," she said, "more than anyone else in my lifetime. It's the first time I've never felt oppressed by the government. I don't care who he sleeps with."

Of course, scholars of public opinion say there are always several factors in the equation of a president's overall approval rating, and how much each is weighted depends on the circumstances. For example, George Bush enjoyed tremendous popularity during the Gulf War because he was seen as an able military commander, but as soon as it was over, attention shifted to the economy and his ratings plummeted.

In the case of Mr. Clinton, many commentators and citizens borrowed the battle cry from his first presidential campaign, "It's the economy, stupid."

Robert Creighton, a Massachusetts lawyer and state senator, said a cab driver reacting to the scandal the other day told him: "Look, we're the only superpower left on the earth. We've got money in our pockets. Who cares?"

Diane Swonk, economist for the First National Bank of Chicago, said the key element in the allegations is that they have not affected people's pocketbooks. "If times aren't good, the president can do whatever he wants — go out and win a war — it's not going to be enough," she said. "And when times are good, nothing else matters."

Nothing? Clearly, people draw a line about what they will accept. But where they are drawing it in this case is a source of concern for those who see an erosion of American moral standards.

The Reverend Anthony Brancack, a Roman Catholic priest in Chicago, said he was already worried by the loss of guilt and shame in American culture, the loss of clear distinctions between right and wrong.

Father Brancack asked, "Have we as a nation become so corrupted that, as long as we get what we want, as long as times are good and the money rolls in, that we don't care what the hell goes on?"

Part of the public's unwillingness to condemn, it seems, comes from the shifting-sand nature of attitudes toward sexuality. Several voters said they did not condone adultery, but they also used terms like "bad boy" and "rogue" to describe the president — disapproving but tolerant terms. Polls have indicated that among young people and immigrants there is genuine bafflement by the fuss.

"We wouldn't have governments in Latin America if our standard was that there should be no extramarital affairs for politicians," said Maria Jimenez, director of an American Friends Service Committee project that provides services to immigrants in Houston.

In Chicago, Scott Helman, 22, recalled that when he was in high school near Columbus, Ohio, students were taught to chant the ways that HIV could be transmitted: "Blood, semen, vaginal secretions, breast milk..." "I can't fathom that anyone my age would be embarrassed by any of this," Mr. Helman said.

Several people interviewed also noted that questions about Mr. Clinton's sex life had been raised well before he was elected, and so accusations of adultery changed little.

"I think when we elected him, we knew we were electing a philanderer," said Nathan Kelly, a student at DePaul University in Chicago. "If one aspect of the past two weeks brought the greatest expression of concern, it was the indication of a truly daunting level of national cynicism about the people who run the country."

In Norman, Oklahoma, David Boren, the former U.S. senator who is now president of the University of Oklahoma, said that when he asked his freshman

## GERMANY: New Plan for Jobless

Continued from Page 1

jobs crisis is sure to remain acute in coming months. Horst Siebert, president of the Kiel Institute on the economy, warned against any hopes of a turnaround this year in the unemployment trend. In hard-hit Eastern Germany, one of every five adults is unemployed.

Despite four years of economic expansion, German unemployment has continued to smash successive monthly records. Deutsche Bank AG and the automaker Adam Opel AG are the latest blue-chip companies to awaken expectations that they will continue the nation's frantic downsizing.

Openly borrowing from the French strategy, an ad hoc committee for the jobless in Bielefeld said Tuesday that demonstrations were planned in 73 cities, with the number of cities rising daily. Some demonstrators planned to camp out in sleeping bags in front of German unemployment offices in order to occupy them when they open.

French protesters plan to join their German counterparts in Saarbrücken and Berlin. In Stuttgart, one banner already dryly congratulates the 5 millionth unemployed German.

The government's job plan would expand at the national level a plan already implemented in the Eastern city of Leipzig, where public jobs are offered to all welfare recipients, Mr. Fink said in an interview.

Germany's cash-strapped government plan to create taxpayer-funded internships for school graduates. Opposition politicians in the Social Democratic Party, who blame Mr. Kohl for the nation's unemployment, castigate the plan as unrealistic and as a way for Bonn to escape its responsibility for the unemployed by delegating the problem to local municipalities.

Some private economists also lashed out at the latest remedy. Jan Hatzius, an economist at Goldman Sachs & Co. in Frankfurt, said such labor market activism failed to attack the root causes of unemployment, which lie in the tightly regulated structure of the German economy, which politicians have been unwilling to reform.

More costly, however, is Mr. Fink's plan to create taxpayer-funded internships for school graduates.

Opposition politicians in the Social Democratic Party, who blame Mr. Kohl for the nation's unemployment, castigate the plan as unrealistic and as a way for Bonn to escape its responsibility for the unemployed by delegating the problem to local municipalities.

Some private economists also lashed out at the latest remedy. Jan Hatzius, an economist at Goldman Sachs & Co. in Frankfurt, said such labor market activism failed to attack the root causes of unemployment, which lie in the tightly regulated structure of the German economy, which politicians have been unwilling to reform.

## JET: 20 Die as Plane Slices Ski-Lift Line

Continued from Page 1

tain, near the Austrian and Swiss borders.

Fragments of metal were scattered around the cabin, which had crashed meters away from a densely wooded area.

Dozens of rescue workers, including Alpine rescue teams, firefighters and police with at least three helicopters, worked for hours around the wreckage, and spokesmen said they were removing and identifying the dead, 11 men and nine women.

Weather conditions were calm. The resort, in the lower-level Dolomites, tends to attract local people and families, unlike the more fashionable ski spots like Cortina d'Ampezzo or Courmayeur, though it does have a foreign clientele.

"We saw and heard a plane flying at a very low level," said Cristina Antoniazzi, owner of La Cascata hotel, which is near the cable-car lines.

"This is a valley," she added, "where airplanes always fly at a low level — too low."

The plane was an EA-6B Marine Prowler, stationed at the U.S. air base in Aviano, about 100 kilometers east of the scene of the accident.

The plane, which had been on a training mission, returned safely and the pilot was unhurt, though the aircraft suffered minor, unspecified damage, a base spokesman said. The EA-6B is a surveillance craft and normally carries a crew of four or five.

Base officials were investigating the case, and had spoken to the pilot. A spokesman said that the pilot was on a solo flight, but that no information on him was immediately available.

"The U.S. military expresses our deepest sympathy for all involved," the military said in a statement from Aviano.

While most passengers would have died in the fall, the damage was compounded by the huge hook, which weighs several tons, bolting the car to the cable.

"When that falls, it smashes everything," said a spokesman for the carabinieri paramilitary police.

The hook appeared to have crushed the roof to the floor almost in a "V" shape at the center of the cabin.

The cable car plunged into a part of

the mountainside not used for skiing, and the police said the crash did not involve people on the ground.

The incident drew an immediate political response.

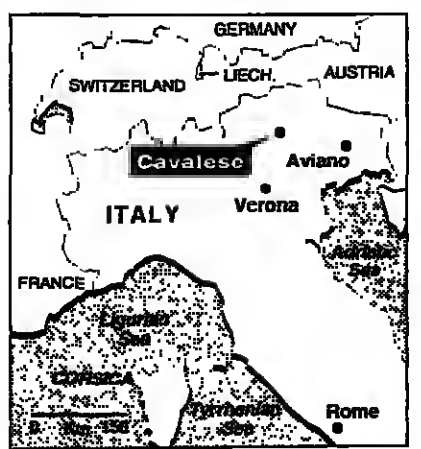
The Refounded Communist Party, which gives the government its majority in Parliament, renewed its call to close the Aviano base. Other legislators demanded an end to U.S. military flights over inhabited areas, and punishment for the pilot. The legislature's defense committee summoned the defense minister to explain.

"We're dismayed by this episode because it is inexplicable, serious, and it is necessary to understand what conditions allowed it to happen," the defense undersecretary, Massimo Brutti, told RAI.

A U.S. Air Force spokesman at the air base in Aviano confirmed that the Prowler was attached to NATO operations in Bosnia. The plane is part of the Marine Tactical Electronic Warfare Squadron 2, based in Cherry Point, North Carolina.

Aviano is the largest U.S. air base in Italy, with nearly 6,000 military and civilian personnel. It has played a major role in NATO intervention efforts in Bosnia.

(AP, Reuters)



NTT

## CLINTON: Former Senior Adviser to the President Testifies Before Federal Grand Jury

Continued from Page 1

whether Ms. Lewinsky met with Mr. Clinton in the White House as recently as Dec. 28. (Related articles, Page 3)

It was not known what prosecutors asked Mr. Stephanopoulos. He was long close to Mr. Clinton, first as a spokesman during Mr. Clinton's 1992 presidential campaign and later as his spokesman and senior adviser, and his office in the West Wing of the White House was near the Oval Office. But since leaving the White House to become a television commentator, he has at times criticized the administration.

In another development, Mr. Clinton's attorneys filed a motion Tuesday in Little Rock, Arkansas, asking the judge in the Paula Jones civil suit to move up the trial date, from May 27 to March 23. The judge, Susan Webber Wright of federal district court, has excluded evidence related to Ms. Lewinsky from the Jones case. Robert Bennett, the president's private lawyer, said that news leaks were still creating a situation "that is threatening to engulf the president and the presidency."

Meanwhile, the White House deputy chief of staff, John Podesta, was subpoenaed to testify later in the week. He apparently will be asked about efforts to help Ms. Lewinsky secure a job in New York shortly before she denied, in an affidavit signed Jan. 7 in the Paula Jones sexual harassment suit against Mr. Clinton, that she and the president had had a sexual relationship.

Officials have said that Betty Currie, Mr. Clinton's personal secretary, asked Mr. Podesta to help Ms. Lewinsky approach the U.S. delegate to the United

Nations, Bill Richardson, about a job. Mr. Richardson eventually offered her a job, but she turned it down.

White House lawyers were weighing whether to instruct Mr. Podesta and the White House deputy counsel, Bruce Lindsey, a close friend of Mr. Clinton's, to invoke at least a partial claim of executive privilege and refuse to testify about their discussions with the president. Officials told The Associated Press.

Mr. Lindsey, who may appear before the grand jury later this week, is expected to be asked whether he knows anything about a three-page document of "talking points" that Ms. Lewinsky reportedly gave Linda Tripp, her erstwhile friend and co-worker, on Jan. 14.

The document suggests that Ms. Tripp testify falsely about Mr. Clinton's relationship with another former White House aide, Kathleen Willey, who has said Mr. Clinton made a sexual advance.

Time magazine has reported that Ms. Tripp and Mr. Lindsey have spoken several times about the Willey matter since it emerged last summer. Ms. Tripp's tape recordings of Ms. Lewinsky bragging about a sexual relation with the president were cited by the independent counsel, Kenneth Starr, in seeking federal court approval to expand his inquiry of the president.

Mr. Starr's office has been seeking to gather a broad array of evidence in examining the allegation that Mr. Clinton was involved in a conspiracy to obstruct justice. If Mr. Clinton, or his friend Vernon Jordan Jr. acting in his direction, tried to influence Ms. Lewinsky's sworn statement in return for a job offer or other compensation, Mr. Starr could assert that such a conspiracy existed.

Such an assertion would not require proof that Mr. Clinton and Mr. Lewinsky had sexual contacts, which would be difficult to prove without her testimony, and possibly even with it.

Meanwhile, as Ms. Lewinsky was about to leave for California, her attorney said of the negotiations with Mr. Starr for a grant of immunity to Ms. Lewinsky. "Generally speaking, we are where we want to be." Those talks stalled last week, reportedly because prosecutors had doubts about the testimony Ms. Lewinsky had tentatively "proffered" in exchange for immunity from prosecution.

Indicating that matters were still unresolved, Mr. Ginsburg said that "we will be working full-time preparing a legal defense," which would be needed only if the immunity talks collapsed.

The president has avoided any public comment about the Lewinsky matter since he forcefully denied the allegations on Jan. 26.

But the White House spokesman, Michael McCurry, said that he expected questions would be asked when Mr. Clinton holds a joint news conference Friday with the visiting British prime minister, Tony Blair. He predicted to reporters that the president would "reiterate what he's already told you."

The two leaders are expected to discuss the looming confrontation with Iraq, peace in Bosnia, the Middle East, Northern Ireland, the enlargement of the North Atlantic Treaty Organization and other U.S.-European issues when they meet.

"That will be a lot of work," Mr. McCurry said. "And the president understands that they probably won't be

the subject that any of you ask him anything about — and that's just life."

Mr. Stephanopoulos's appearance before the grand jury aroused considerable interest. Once one of Mr. Clinton's closest advisers, he enraged White House officials by suggesting that the president might be subject to impeachment if the recent allegations were confirmed.

In a Newsweek magazine article, he indicated deep doubts. If the allegations were proved, he wrote, then Clinton "shattered the promise he made to the public and the people around him." He added, "I don't know whether to be angry, sad or both."

Mr. Stephanopoulos has said that he knew Ms. Lewinsky. "I met her, sure," he said on CNN. "I would see her in the hallway; she would hang out at the Starbucks," a coffee house near his home.

Asked what prosecutors might hope to learn from him, he said, "My guess is that they are now casting out to a lot of people who worked on the first floor" of the West Wing, near the Oval Office, "just to see what they knew, what they knew about the layout, I guess, what we knew about Monica Lewinsky."

The grand jury heard from another former white house intern, Caroline Self, on Tuesday. Ms. Self, who worked for six months in Mrs. Currie's office, later told reporters she knew of "no improper relationship" between the president and Ms. Lewinsky, or any other intern. Mrs. Currie appeared before the grand jury last week, but made no comment afterward.

Meanwhile, a senior Clinton adviser said that administration lawyers were prepared to fight any effort by Mr. Starr to subpoena Secret Service agents.

American government class about the scandal, almost all the students said they believed Mr. Clinton was lying, and they tended to respond, "All politicians are crooks, very few of them tell the truth, few of them are faithful to their spouses, so why not have one who's smart and knows how to get things done?"

Mr. Boren said, "The attitude is, we really don't respect him, but what do you expect from a politician?"

"To me it's deeply disturbing," he went on, recalling the awe he felt when he saw his first president, Harry Truman. "In times of crisis, times of hardship, a level of trust between the American people and their government, particularly their leader, is an essential element of what's needed in the country. We have passed from anger about what's going on in our political system to cynicism and alienation. And to me, cynicism and alienation are more frightening than anger."

That cynicism, however, appears to be working in Mr. Clinton's favor. "Most people feel like we haven't got anybody that's any better to replace him," said Rick Auri, 47, a school board president in Dodgeville, Wisconsin. "So people are anxious to have this be over. They just want to say 'All right, he did whatever he did. Now let's move on and get going with life.'"

Also at play, several people said, is the powerful American respect for privacy. Sex lives are nobody else's business; phone conversations between friends should not be taped; zealous prosecutors are frightening; tidbits about celebrities' lives — including presidents' — taste delectable and despicable all at once.

"I do think some of the carte blanche authority the independent counsel has runs against the grain a bit in this country," said Sidney Milkis, chairman of the politics department at Brandeis University. "In a country so obsessed with rights and protection and government encroachment and privacy, some of this independent counsel's activities turn people off a little bit."

A married woman in rural Illinois, who declined to be named, put it simply: "I don't want people asking questions about the president's sex life because I don't want anyone asking about mine."

Polls have shown that a strong majority of Americans think the scandal has been covered too heavily — or at least, that is what they say — and many found much of the coverage irresponsible as well.

In view of such skepticism toward the media, and the universally acknowledged dearth of publicly accessible proof of any wrongdoing by the president, many people say they are withholding judgment until they have the solid facts.

For those who do not want to believe ill of the president, then, there is no reason to force themselves.

"People have a really strong sense of fairness, that the case hasn't been made," said George Edwards 3d, director of the Center for Presidential Studies at Texas A&M.

Clearly, some of the response reflects Mr. Clinton's remarkable ability to bounce back from adversity.

"If Bill Clinton was the Titanic, the iceberg would have sunk," said Paul Green, an author of books on Chicago politics.



## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Still Time for Iraq

As in the last fateful hours before the Gulf War began, there is now a brief period when Saddam Hussein can turn away from military confrontation with the United States. By skillfully mixing diplomacy with the threat of force, Bill Clinton is giving the Iraqi leader a last chance to avert a punishing air assault that few Americans are eager to conduct but that most will support. Mr. Clinton should exhaust the diplomatic options before he orders military action to commence. But diplomacy cannot be a code word for indulging Saddam's defiance.

Russia announced a compromise plan on Monday to give UN inspectors access to a limited number of the presidential palaces that have been off-limits to them. Baghdad promptly disowned the proposal, although some version of it may still be under discussion between Russia and Iraq. Even if Russia and Iraq agree, the compromise is unacceptable. The inspectors must be free to visit any site where they suspect that weapons of mass destruction are stored or manufactured, including not only palaces but the buildings in and around presidential compounds. The inspection team believes that many of those buildings may house biological and chemical weapons or records of their production.

The back-and-forth between Iraq and Russia suggests that the formidable American and British air power being assembled in the region has got Saddam's attention. History teaches that half-measures will divide his opponents and give Iraq a new way to dodge its obligations under the cease-fire resolutions that ended the Gulf War. Russia seems especially susceptible to that gambit.

Still, there is a chance that Saddam will act to avoid a sustained air campaign that is likely to destroy many of

the places he holds most dear. These targets include his many palaces, the Republican Guard bases where his most loyal troops live, and the headquarters and regional offices of the security services that keep his regime in power.

To test his intentions, Washington should see if Russia can influence Iraq to accept unfettered access for inspectors. If not, Mr. Clinton should increase the diplomatic pressure with two military actions that stop just short of full-scale warfare. One is to impose a total ban on flights by aircraft in Iraq, extending the no-flight zone that now covers the southern and northern sections of the country. The United States should also block the illicit, lucrative shipment of Iraqi oil from Basra through the Gulf to the United Arab Emirates.

At the same time, Washington should support a recommendation by Kofi Annan, the UN secretary-general, to more than double legal Iraqi oil sales to buy food and medical supplies for the Iraqi people. This program is carefully supervised by the United Nations to prevent the diversion of oil revenues to Saddam or the military.

These steps might produce Iraqi concessions, but even if they do not, they would demonstrate that the United States tried every means possible to budge Saddam before it began a sustained aerial bombardment. It would also make it easier for Mr. Clinton to deflect speculation that he is rushing to war to deflect attention from the Monica Lewinsky case.

Saddam should understand that America is not spoiling for a fight, but is united in its belief that Iraq must not be allowed to maintain an arsenal of chemical and biological weapons. There is still time to avoid a clash. Both Bill Clinton and Saddam Hussein should make the most of it.

—THE NEW YORK TIMES.

## Flying to Japan

The new U.S.-Japanese aviation pact hailed on Friday by President Bill Clinton as a "landmark agreement" falls short of the full liberalization his administration had set as a goal. But, given Japan's resistance to a true open-skies treaty, the pact is not a bad deal. It will pave the way for more airlines to operate more flights from more cities in the United States to Japan.

Given the importance of aviation in today's economy, that is an important step forward. Measured by value, 40 percent of all world trade today goes by air. The passenger and cargo aviation market between Japan and the United States already is worth \$12 billion per year, with a surplus decidedly in the U.S. favor, and it is crucial to hundreds of billions of dollars more.

The market could support far more, but a 1952 treaty governing flights between the two biggest economies in the world (and Japan's restrictive interpretation of that treaty) have acted as brakes on growth. The new agreement should ameliorate, although possibly not solve, that problem.

The pact, reached after more than a year of sporadic negotiation, safeguards U.S. airlines' "beyond rights" — their right to fly from America to Japan and then beyond, to other Asian destinations. Those rights will be crucial to enabling U.S.-Asian connections. The agreement also permits for the first time U.S. and Japanese airlines to form alliances, so that you may soon see United booking up with ANA, American with JAL and Northwest with the smaller JAS. To the extent that

—THE WASHINGTON POST.

## Other Comment

## Air Power Isn't Enough

Saddam Hussein does not fear the 300-plus high-technology jets that can rocket into his country and destroy large buildings or hit individual tanks with pinpoint accuracy. What he does fear is a few dozen UN weapons inspectors snooping around him.

The problems in Iraq demonstrate one of the main issues in defense planning for the future: the gap between what advocates say air power can do and what it actually can do.

The advocates promise short wars, with few friendly casualties, that we can all watch be cleanly prosecuted from the comfort of our living rooms.

But air dominance was useless to the U.S. Army Rangers killed in the back alleys of Mogadishu.

In Bosnia, although the sustained NATO bombing campaign helped, it

was a successful Croatian ground offensive in Krajina and economic pressure that forced the Serbs to the table at Dayton. Now it is the tens of thousands of American and NATO ground troops who are ensuring the peace in Bosnia, not the planes that fly over it.

In Iraq, if Saddam continues to push us, we should bomb him. Our planes will do a superb job of destroying targets, and after a sustained campaign he may open up to inspections again. We should not fool ourselves into thinking that this will be the end, however. After a period of time of his choosing, we will have to face him again. The main purpose of military force is to influence an opponent's will, and air power alone has proved unable to do that.

—Joseph C. Cyrulik, a research analyst at the Center for Strategic and International Studies, commenting in *The Washington Post*.

## If America, Japan and China Do the Right Thing

By Thomas L. Friedman

ZURICH — It is Oct. 29, 1998. World stock markets crashed to record lows today, setting off what economists are calling "the Millennium Depression." The meltdown was triggered by the collapse of the Brazilian, Argentine, Russian, Indonesian, Mexican and Czech stock markets.

These peripheral markets were dragged down after another devaluation by China made Chinese products so cheap that everyone else in Asia had to devalue again, and other emerging markets could no longer compete.

In Tokyo, the entire senior staff of the Ministry of Finance was arrested and charged with incompetence.

Their failure to stimulate growth, so that Japan could absorb more of Asia's exports, resulted in all these goods flooding the United States instead, creating a record U.S. trade deficit and prompting Congress to pass the Smoot-Hawley-Gephardt Protection Act.

Far-fetched, I know, particularly when Asian markets seem to be bouncing back. But be careful. In the next few months China, Japan and the United States, the three main engines of

the global economy, will still need to make some extremely tough decisions. How well they do will determine whether the Asian flu is really over or becomes a raging contagion.

China was a key factor in unintentionally triggering the Asian meltdown. It devalued its currency in 1993 and 1994. As a result, Thailand, South Korea and Indonesia, whose currencies were pegged around the rising dollar, became much less competitive.

Any of their companies whose cost structure got out of line with that of China got hammered, making it hard for them to repay loans. Since the crash of the Asian currencies, the Thais, Koreans and Indonesians are again much more competitive with China. They are all hoping to export their way out of this crisis the way Mexico did three years ago.

Memo to China: Your economy is slowing, the Shanghai real estate market is slumping, and overseas Chinese are not pouring money in as before. But

don't devalue. Cut interest rates and speed up plans for major infrastructure projects. It will keep your economy growing, maybe with a bit of inflation, but it's better than undercutting your neighbors' chances for recovery.

As for Japan, it is the world's second-largest economy, but it is currently being run by Herbert Hoover. Hashimoto, Japan has huge reserves that it could use to absorb imports from the Asian tigers, all of whom are on export-or-die strategies. But Japan's brain-dead leadership has failed to stimulate the Japanese economy.

Memo to Japan: Cut taxes deeply. Enough to really put money in the pockets of your consumers. Get your Parliament to pass the proposed \$225 billion package to clean up and restructure your banking system, which is like a walking skeleton spooking everyone in Asia, and open your markets more to Asian exports — now, not in 2005.

As for the United States, the president needs to use his soaring job approval rating to persuade Congress to make its promised \$17.9 billion deposit to the IMF and to revive the fast-track

free trade legislation. This is no time for America to turn inward.

Congress is right to be wary of IMF bailouts, but J.P. Morgan and Deutsche Bank have just announced huge losses on their Asian loans, so the banks are taking a hit. Alan Greenspan could help by cutting interest rates half a percent in signal that what the world needs now is growth, sweet growth.

In the late 1920s, it was competitive devaluations among the commodities producers of that early industrial era, and the protectionist responses in them, that made the Great Depression great. Today we are seeing the start of a similar cycle, leading already to a deterioration in the competitive situation of Latin America and Eastern Europe.

"If the U.S., Japan and China do the right thing now, this Asian deflation can be contained, Latin America and Eastern Europe won't be dragged into it and we can have lower global interest rates and higher growth," argues Ken Courdis, an Asian economist for Deutsche Bank. "But if they do the wrong thing, there could be real trouble."

The New York Times.

## A Problem for Beijing: Should It Stand Up for Overseas Chinese?

By Jonathan Mirsky

LONDON — The threat of a large-scale social disorder in Indonesia confronts Beijing with the question: Do overseas Chinese deserve protection?

So far the attacks have been localized, and Indonesian security forces have been able to contain them and restore order.

But accusations by Indonesia's Muslim majority that the Chinese are hoarding food and raising prices appear set to intensify as inflation increases and millions of poor people lose their jobs in coming months.

Indonesia has a history of troubled interethnic relations. Violence against Chinese, who are only 3 percent of a population of 200 million but are perceived to be disproportionately rich, occurs whenever there is an economic crisis.

At present the rupiah has lost much of its value, which makes imports much more expensive

at a time when local production of rice and other basic foods has fallen because of one of the worst droughts on record.

In 1959, after a rebellion on Sumatra supported by the U.S. Central Intelligence Agency and Taiwan, Indonesian army commanders, taking advantage of anti-Chinese feelings, seized Chinese businesses. Anti-alien decrees were passed, and Chinese were moved into large towns and cities, leaving their homes and other property open to seizure as well.

Beijing eventually urged thousands of ethnic Chinese in Indonesia, many of whom had never been on the mainland, to "return" to China to escape what looked like a pogrom.

In 1965 and 1966 the Indonesian Communist Party took part in an attempted coup, prompting the army bearded by General Suharto to take power. That was followed by a vast witch-hunt against suspected leftists and their sympathizers, in which Chinese and their families were massacred.

The anti-Chinese hysteria spread to Beijing's embassy in Jakarta and Chinese consulates in other parts of Indonesia. In late 1966 a ship arrived from the mainland to take several thousand Chinese to China. In 1967, Red Guards burned Indonesia's embassy in Beijing.

Anti-Chinese attacks on a smaller scale have occurred in the past in Thailand, Burma, Cambodia and the Philippines. Such attacks face Beijing with a difficult choice.

After Mao's death in 1976, sponsorship of revolutionary movements against established governments in Southeast Asia ceased. It was made clear to ethnic Chinese abroad that they must regard themselves as citizens of the countries in which they lived and not look to Beijing for protection.

But since Deng Xiaoping's economic reforms to open China to the outside world started in the late 1970s, Beijing has routinely called on Chinese "patriots" in Southeast Asia to invest in what is always called the "mother country."

Overseas Chinese, who often take local names while maintaining Chinese customs and ties, have become a major source of investment in China, not only in their ancestral towns and villages but also in large projects in manufacturing, property development and agribusiness. Their contribution has been a significant stimulus to China's modernization.

If Chinese are again attacked in Southeast Asia and Beijing fails to respond with at least official protests, overseas Chinese may feel abandoned. They have always known that they are regarded by Beijing as not wholly Chinese, unlike people in Hong Kong and Taiwan.

Symptoms of the East Asian economic crisis are appearing in China, where banks are in trouble, many state enterprises are losing money and production is falling. More than ever, China needs the continuing support of overseas Chinese. As instability in East Asia deepens, rich ethnic Chinese, who are patriotic but also canny, may be tempted to invest their money elsewhere.

The writer, a former East Asia editor for *The Times of London*, contributed this comment to the *Herald Tribune*.

## Look How Power Corrupts, and Not Only the Powerful

By Ross K. Baker

NEW BRUNSWICK, New Jersey — There is no better illustration of Lord Acton's turn-of-the-century axiom that power tends to corrupt than the sordid spectacle we are now observing in Washington.

Begin with how Monica Lewinsky came to be at the White House. Few readers of this column would be able to secure for a daughter just out of college a job, paid or unpaid, that put her at the threshold of the Oval Office.

The principal credential that

this young woman appears to have carried was the endorsement of a New York businessman named Walter Kaye, a friend of her mother, who had contributed lavishly to the Clinton campaign and to the president's legal defense fund.

Anyone who has spent time in Washington knows dozens of Monica Lewinskys, young people with varying degrees of talent whose most conspicuous qualification for the job is a

connection to someone with deep pockets and a generous disposition toward politicians. Talent alone gets very few young people a foot in the White House door.

But even the most favored of these protégés of the well-connected could not dream of the kind of access enjoyed by Ms. Lewinsky.

Job counseling by presidential crony Vernon Jordan and an interview with UN Ambassador

Bill Richardson do not fall within the normal realm of human services available to government workers.

Even if nothing of an intimate nature took place with the president, Ms. Lewinsky's résumé was scented with the aroma of influence.

That she enjoyed preferential status was evident in her pass to the West Wing of the White House, where the Oval Office is located. Her job was in the Executive Office Building next door. An intern assigned to that

building would need to be cleared through security for each visit to the White House. Ms. Lewinsky's pass gave her access that is normally reserved for officials at the level of associate director of the National Security Council.

Trafficking in connections in Washington is an equal-opportunity profession. That most of the brokers are white men does not exclude women and minorities from aspiring to a brush with the powerful and coming away with mementos to impress the less fortunate.

Office walls in Washington are so encrusted with autographed photos, presidential proclamations and framed pens used for South Lawn bill-signing that they more nearly resemble grotesque where miracles are anticipated than they do places of business.

Those in high office who distribute the relics and icons assume heroic stature, and no group accords them greater deference and more undeviating loyalty than their employees and staffers.

Surrounded by loyal subordinates and having within easy reach the couriers of the capital — the lawyers, directors of friendly interest groups and pugnacious flacks who rally to the imperial defense on the Sunday panel shows — presidents and other powerful people come to think of themselves as ruling by divine right.

Not only that, it is exciting and great fun. Power may corrupt, but it also delights. Absolutely.

The writer, a professor of political science at Rutgers University, contributed this comment to the *Los Angeles Times*.

## Young Lewinsky Starstruck? It's Par for the Course

By Dmitri Krushnic

BALTIMORE — Shortly before Monica Lewinsky began her White House internship in 1995, I completed a four-month internship there. Since news broke about allegations of a sexual affair between her and President Bill Clinton, I have reflected on my White House memories.

At least one element of the unfolding story seems misleading. Reports cite sources describing Ms. Lewinsky as "infatuated" with the president.

"Starstruck," Evelyn Lieberman, former White House deputy chief of staff, and other staffers say they recall her as suspiciously enthusiastic about spending time with Mr. Clinton. They say she "hung around" the West Wing a lot too much.

Such accounts suggest that she was so obsessed with Mr. Clinton that it is not surprising that she had romantic fantasies about him. But the description of her behavior could fit any number of young interns. To varying degrees, the vast majority of White House interns and volunteers thrived on their brushes with Mr. Clinton.

When I first arrived at the White House, I recall watching two male interns surreptitiously climb out of a first-floor window into the Rose Garden and make a beeline to the South Lawn, where they pushed their way through a small crowd of foreign dignitaries to get next to Mr. Clinton. One smiled broadly while the other intern snuggled a not so candid photo of his pal with the commander in chief.

I saw interns stand idle in the corridors, sometimes for more than an hour, shamelessly waiting to catch a glimpse of "him." Some would come early and leave late, thinking that it might improve their chances; others came during lull hours for sightings.

One female intern stepped into a closet so that she could "accidentally" step out again when Mr. Clinton was passing, only to be reprimanded by the president for hiding in the closet.

Leander worship would occasionally cause intern productivity to wane and result in varying degrees of embarrassment, but

this infatuation with the president seemed to create a certain electricity in the air that made working at the White House very fulfilling.

It seemed that because so many people were starstruck, the administration had a big pool of hardworking, well-educated people for unpaid jobs.

The devotion ran deep. In the months I was at the White House, the interns did not pub-

licly question or debate executive policy or presidential integrity. In fact, we rarely discussed politics. We tended to dwell on stories of how we had bumped into him in the hall, or actually got an opportunity to shake his hand.

The chance to tell your friends that you had seen the president jogging or that he had patted you on the shoulder or that you had received a Christ-

mas card from the first family is the stuff that White House interns dream of are made of.

If Monica Lewinsky had not seemed like a starstruck, infatuated stalker who hung around the West Wing every chance she got, it would be fair to say that her behavior in the White House was suspicious.

The writer, a recent graduate of the University of Chicago, contributed this comment to *The Baltimore Sun*.

## Sex Sneaked Out of the Closet to Shock Some Americans

BECAUSE of the broad interpretation of civil rights laws that cover workplace discrimination, sexual behavior is a potentially public issue. Accusations of any kind become grounds for a lawsuit, as the Paula Jones case proves.

Before the Supreme Court's 1986 sexual harassment case, Meritor v. Vinson, "sex" discrimination under Title VII of the Civil Rights Act of 1964 meant equal pay for equal work, and equal job opportunity.

The Meritor opinion expanded the meaning of "discrimination" to include two types of sexual harassment. A plaintiff could claim that there was quid pro quo harassment, or that the workplace was a "hostile environment," which can cover things as diverse as inappropriate touching and dirty jokes.

The lawyers for Mrs. Jones correctly argue that "systematic" granting of jobs, raises and promotions to women who agree to sex with the boss discriminates against women in the workplace who don't.

Whether the accused actually did what he or she is accused of is beside the point. The civil rights laws have been interpreted to allow a woman like Mrs. Jones to file suit based on her allegations alone, which then allows her to depose the president and other women about their sex lives.

If we want to keep sex private, and if we believe that what consenting adults do in their free time is one of our business, then we must amend

Title VII to no longer prohibit "sex" or "sexual overtures," but only to require equality in the terms and conditions of employment — the original language of Title VII.

—Richard Dooling, lawyer and novelist, commenting in *The New York Times*.

HAVING vulgarities like the Clintons conspicuous in government must further coarsen American life. This is already apparent in the emergence of a significant portion of the public that almost preens about supporting the Clintons because of the vulgarity beneath their pantomime of domesticity.

Call this portion of the public the Eurphile constituency. Europe says: Grow up, Americans. Your quaint, ridiculous political sensibility, reflecting residual puritanism, prevents mature acceptance of this fallen world's naughtiness.

To which this response is apposite: Europe's political sensibility, sometimes called "realism," (Do the trains run on time?), was no impediment to the emergence of Lenin, Stalin, Mussolini, Franco and Hitler. So spare us your tutorials on political sophistication.

Bill Clinton has caused a pain he does not feel: the sense millions of Americans have that something precious has been vandalized. The question is, Who should come next, to scrub from a revered institution the stain of the vulgarities?

—George F. Will, in a syndicated column.

WHEN King David committed adultery with Bathsheba and sent her husband off to be killed in battle, the prophet Nathan confronted the king. This led David to confess his sins and repent. Today, David would have hired a good criminal defense attorney and used his palace staff to spin for him and smear the prophet.

—Cal Thomas, in a syndicated column.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Japan 'Stronger'

PARIS — [The Herald says in an Editorial:] We publish an important interview with the Marquis Ito, who was recently recalled to the Premiership of Japan. The Prime Minister told that his government "is prepared to safeguard Japanese interests by whatever means may be required by the event." Regarding the proposal for further increase of the navy, he declared: "We would not hesitate to make the necessary sacrifice if the circumstances demanded it. I would like you to inspect Japan's fleet and see how well disciplined it is. We are stronger than ever before."

## 1923: Pricy Sausages

BERLIN — A Berlin butcher who six months ago rented a room in which to store the furniture of his daughter has filed suit to be relieved of the ex-

orbitant sum charged by the landlady. He has been paying one pair of Wiener sausages monthly and now claims that the price is beyond reason. The butcher greatly enjoyed the joke when the landlady demanded payment in kind when the contract was made in lieu of cash, which figured at 14 marks. Now the price of two sausages is about 2,500 marks.

## 1948: Romania Arrests

LONDON — Britain formally accused the Communist-dominated Romanian government of suppressing opposition parties, arresting opponents on illegal charges and violating the "fundamental freedom" terms of its peace treaty. "Illegal arrests still continue on charges of economic sabotage and Fascist activities, or even without a specific charge, and these are rarely followed by trial within a reasonable period," a note said.

**Herald INTERNATIONAL Tribune**  
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

ESTABLISHED 1887

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER  
Co-Chairmen

KATHARINE P. DARROW, Vice Chairman

RICHARD MCLEAN, Publisher & Chief Executive

MICHAEL GETTLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor  
• KATHARINE KNORR and CHARLES MITCHELSON, Deputy Editors • SAMUEL ABT and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages  
• JONATHAN GAGE, Business and Finance Editor  
• RENÉ BONDY, Deputy Publisher  
• JAMES MCLEOD, Advertising Director • DIDIER BRUN, Circulation Director  
Directeur de la Publication: Richard McLean

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.  
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10. Advertising, (1) 41.43.92.12. News, (1) 41.43.93.38.  
Internet address: <http://www.ihb.com> E-Mail: [ihb@ihb.com](mailto:ihb@ihb.com)

Editor for Asia: Michael Richardson, 3 Conventry Rd., Singapore 119000. Tel: (65) 472-7768. Fax: (65) 1274-1334.  
Mgr. D. Asia, Terry Danner, 30 Gloucester Rd., Hong Kong. Tel: 852-2922-1188. Fax: 852-2922-1190.  
Gen. Mgr. Germany: T. Schiller, Friedenstr. 15, 60233 Frankfurt. Tel: +49 69 97125010. Fax: +49 69 97125030.  
Pres. U.S.: Ann Blaskow, 330 Third Ave., New York, N.Y. 10022. Tel: (212) 755-3890. Fax: (212) 755-3785.  
U.K. Advertising Office: 63 Long Acers, London WC2E 9LT. Tel: (0171) 436-3602. Fax: (0171) 540-2251.  
S.A.S. au capital de 1.200.000 F. RCS Nanterre B 732021116. Commission Paritaire No. 61337.  
©1998, International Herald Tribune. All rights reserved. ISSN: 0294-8057.



## OPINION/LETTERS

## Sorry, the Real Scandal Here Is Not About Sex but the Law

By Richard Cohen

DAVOS, Switzerland — One of the risks of foreign travel for an American nowadays is having to endure lectures from Europeans and others about how, Monsieur, you Yanks are all hung up over sex.

At a single luncheon discussion here at the World Economic Forum, other Americans and I were berated by a Frenchman, an Israeli and, would you believe, a Brit.

I replied, pointing to the president's popularity polls, that I did not know what country they were talking about.

Indeed, America seems to have out-Frenched even the French when it comes to nonchalance regarding whether President Bill Clinton had a sexual relationship with Monica Lewinsky.

By the weekend, news had reached this Alpine village that Mr. Clinton had achieved his highest-ever approval ratings.

The Washington Post, in a representative finding, gave him a 67.

The polling data sent some of the many American politicians here into fits of head-scratching. One said that if the numbers were correct then he did not know his country at all. Another pronounced them irrelevant, of no long-term meaning.

I come down somewhere in the middle. I think the polling data mean quite a bit but may be irrelevant to the outcome.

For those of us made more and more uncomfortable in recent years about politicians — indeed, public figures of all kinds — being held accountable for their private lives, the polls suggest we have picked up quite a few allies.

A Time magazine poll, for instance, reports that 61 percent of respondents would not want President Clinton to resign simply because he had had an affair

with Ms. Lewinsky.

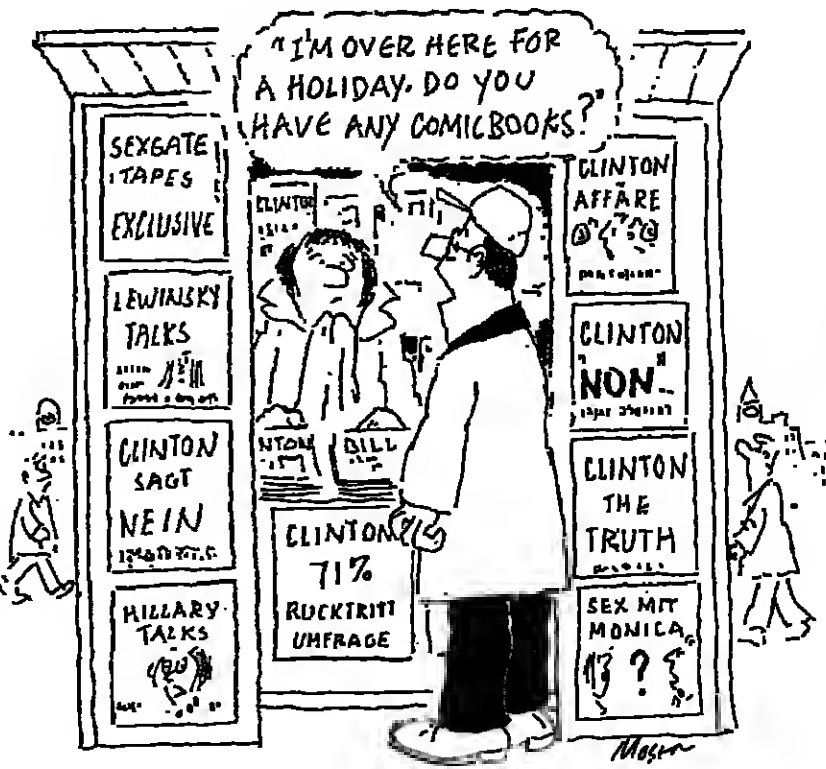
How terrific! Here are landslide majorities of Americans distinguishing between private affairs and public ones and, possibly, concluding that not every sexual relationship in the workplace amounts to harassment. Still, we would all have to be terminally naive not to appreciate what any White House intern must — that just saying "yes" might be a good career move.

What's more, the public is giving the media a bit of a thrashing. Normally, I have my problems with anti-media pogroms, but in this case some of us journalists had it coming. The very Time magazine I cited for its polling essentially quoted street language in its reportage that I thought I would never see in a mainstream American publication.

Time magazine, though, is not alone. Many a news organization crossed a line of decency or journalistic fair practice. As is its wont, the public uses the term "media" to castigate us all — the good, the bad and the mediocre. At any rate, some 72 percent of Time's respondents thought the media had gone too far on this story.

I cheer also at the American public's evident unease over Ken Starr's long march through endless Arkansas real estate sleazebagdom which culminated — if, indeed, it has culminated at all — in the current investigation of the president. Sixty percent of Time's respondents do not like Mr. Starr poking around in President Clinton's sexual life.

So it seems that Mr. Clinton's high standing in the polls is composed of an anti-media backlash, a repugnance at Mr. Starr's methods and, of course, a general



Drawing by HANS MOSER.

desire not to rock the boat. After all, unemployment is down, the stock market is up and the budget is balanced. All seems right with the world.

In time, though, these factors will come to seem less and less important. When that happens, Americans may be forced to concentrate on the basic matter of honesty — whether Mr. Clinton lied first in his deposition given to Paula Jones's lawyers and, second, to the American people.

That heated assertion of innocence — "I did not have sexual relations with that woman, Miss Lewinsky" — was a moment after which nothing can ever be the same. It had better be the truth.

More important is the matter of the law.

Citizens, especially presidents, cannot take it upon themselves to decide which laws they will honor and which they will break. Whatever the reason for a lie, if it is perjury then it cannot be easily dismissed. For a president, it is a violation of his oath, a secular sin.

This is where, privately and individually, the sneering Europeans said they understood. America is a nation of laws, not men. This is what has long made America different from other nations. The real scandal of the present scandal is how it is still misperceived. It is no longer about sex. It is about law.

The Washington Post.

## No Carts on the Course If Golf Is for Athletes

By Tom Kite

AUSTIN, Texas — A federal court began hearings Monday to decide whether a golfer afflicted with a circulatory disease should be allowed to use a motorized cart to compete in PGA Tour and Nike Tour events.

The golfer, Casey Martin, a very talented young player, ar-

gued that, under the Americans With Disabilities Act, he should be exempt from the rule that players must walk the course.

From what I understand, Casey Martin is a fine young gentleman. I have not met him personally or played golf with him, and I do not know the finer points of the law.

But I do know something about competitive golf, having played the sport for more than 25 years on the Professional Golfers Association of America Tour.

It seems to me that those who support Mr. Martin's right to use a cart are ignoring the fact that we are talking about a competitive sport. We are not talking about allowing someone to use a cart for a casual game of golf on a weekend.

We are talking about an athletic event. And anyone who doesn't think professional golf is an athletic sport simply has not been there or done that.

Two weeks ago, Emmitt Smith and Marcus Allen, two of the best football running backs of all time and both excellent athletes, played in my group at the Bob

Hope Chrysler Classic golf tournament. As we neared the end of our fourth consecutive competitive round, Marcus said to me: "Man, I am beat. I've used muscles I don't normally use, and I'm just beat."

Emmitt said he was also tired. And we were playing one of the easiest walking courses on the tour in ideal weather conditions.

Play 36 holes in the heat of the Ryder Cup competition, or walk up the 17th hole at Castle Pines Golf Club in Colorado or play 18 holes at the Tournament Players Club at Southwind in Memphis in July — and then tell me that physical conditioning isn't part of competitive golf.

How much of an advantage is there in having a cart? It would vary from one week to another and one course to another, so there is no way to keep a level playing field without changing the fundamental nature of the competition.

I have to work harder every year to stay competitive, but I would not think about asking for a cart. No one could have benefited more from using a cart than Ben Hogan, who won the United States Open in 1950 after recovering from injuries sustained in a car crash, even though every step he took was a painful ordeal. Mr. Hogan is considered perhaps the greatest shotmaker the game has ever seen, but he knew that shot-making is only part of the game.

The mental, physical and emotional aspects of the sport are closely linked. Fatigue can cause loss of concentration, which can cause poor shot selection, which can cause poor shotmaking, which can cause stress, which can cause more loss of concentration.

I have seen a lot of tournaments over the years that were won or lost on the last few holes, when you have to be sharp mentally, physically and emotionally.

No matter how much money may be rooting for Casey Martin and how much we sympathize with his disability, we cannot change an integral aspect of our sport for any one person.

The writer has been a professional golfer since 1972 and has won more than 20 events on the PGA Tour, including the 1992 U.S. Open. He contributed this comment to The New York Times.

ERIC J. KAUMHEIMER, Paris.

Personally, I think it's great for Mr. Clinton to make love, not war.

KARMA YESHE GYAMSTO, Aubrey-le-Panthou, France.

## LETTERS TO THE EDITOR

## Art and the Emperor

Regarding "Bruce Nauman: Neon Wordplay Is Not Enough" (Art Jan. 17) by Michael Gibson:

Mr. Gibson should be congratulated for having had the courage to point out that the artist Bruce Nauman indeed has no clothes and that today's museum nomenclature persists in putting on shows of contemporary art that are, more often than not, obscurantist, boring, intimidating and justified only by academic, postmodernist mumbo jumbo.

I have lived in France for 20-odd years and teach in the French Beaux Arts system to boot. I can assure you that even

there if you don't spout the ideological line you are on your derrière before you can say "Marcel Duchamp."

Have trouble getting to sleep at night? Read a French art magazine.

RAFAEL MAHDAVI, Paris.

It was pleasing to read the same thoughts that I have been grumbling to my wife and friends for many years.

It is not necessary to be ignorant or reactionary to say that Mr. Nauman's works are pretentious and banal. All that is required is confidence in one's own perceptions.

Why people of taste and culture should allow themselves to be intimidated by

those who have wielded power in the arts for years is a curious question.

The idea that great art is always hard to accept when it first appears has wide currency. But one need only look at the careers of Picasso, Edward Hopper, Balbus and Lucian Freud, among others, to realize that most artists have been recognized from the moment they began to produce good work.

I am pleased that critics like Mr. Gibson have the courage to rethink the question of what art is and to say aloud that the emperor's rear is out in the breeze (and, I earnestly hope, turning blue).

DAVID WURTZEL, San Francisco, Italy.

## Washington Drama

I am writing to express my concern and dismay regarding the current scandal involving the president of the United States.

However, I would also like to declare my relief that this travesty has not involved figures such as Alan Greenspan, Bill Gates or other really important people, hence ensuring that the country will not be shaken from its present state of well-being and prosperity.

BERNARD ORLAMUNDER, Paris.

The comedic brilliance of Mr. Clinton's defense is now revealed. If I understand the president's advisers correctly, the line is: He did nothing. And anyway, no one thinks it's so bad. And besides, she loved it!

William Pfaff ("Sex, Nihilism and American Democracy in Danger," *Opinion*, Jan. 31) and other sourpusses should relax and enjoy the show a bit more. Act I has been most entertaining.

Personally, I think it's great for Mr. Clinton to make love, not war.

KARMA YESHE GYAMSTO, Aubrey-le-Panthou, France.



## Win Two Airline Tickets in the Air Canada/IHT Competition

1. How many more centimetres of foot room do you gain in Air Canada's Executive First compared to all other airlines?

a. 2.5 cm b. 12.5 cm c. 37.5 cm

2. What does Air Canada offer you in Executive First?

- a. Cookies and ice-cream  
b. Unlimited supply of mineral water  
c. Personal phone  
d. Personal video  
e. Complimentary gift  
f. Executive First check-in  
g. Personal computer games  
h. All of the above

Fill in the coupon below and fax or mail your entry to the International Herald Tribune. A prize drawing will be held and the first two correct entries drawn will win two free airline tickets. Entry deadline is February 28, 1998.

## RULES AND REGULATIONS

- Entries must be received no later than February 28, 1998.
- Valid only where legal. No purchase necessary.
- Entries will not be accepted from staff, families and agents of the newspaper or Air Canada (including its partners).
- No correspondence will be entered into. Proof of postage or email return request will not be accepted as proof of receipt.
- Winners will be drawn on March 15, 1998 and published thereafter in the newspaper. The first two correct entries drawn will be the winners.
- On all matters, the Publisher's decision is final.
- The Publisher reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside our control which, in his opinion, make it desirable to cancel the competition at any stage.
- Tickets are valid for travel until December 30, 1998. However, tickets must be booked and ticketed no later than December 15, 1998 or they will no longer be valid.
- Valid on board Air Canada scheduled flights only. This does not include the Air Canada Connectors network: Air Nova, AirBC, Air Ontario, Air Alliance, our alliance partners, charters, and codesharing.
- Some blackout dates apply. Fridays/Saturdays are blacked out year round on eastbound flights; Saturdays/Sundays are blacked out year round on westbound flights.
- Tickets are not transferable and are not redeemable for cash.
- Transportation is subject to space availability at time of reservation.
- Once tickets have been issued, (1) routings and destinations cannot be changed; (2) tickets are valid for a 12-month period from the date issued; and (3) upgrades are not permitted under any circumstances.
- Airline mileage accumulation is not permitted on promotional (Complimentary) Passes.
- All airport/departure taxes are the sole responsibility of the users of the Promotional Passes.

## TWO WINNERS!

Two roundtrip airline tickets per winner in Economy Class on Air Canada, from any Air Canada scheduled European destination to any Air Canada scheduled destination in Canada.

## COUPON

Your answers: 1. \_\_\_\_\_ 2. \_\_\_\_\_  
NAME \_\_\_\_\_  
JOB TITLE \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
POST CODE \_\_\_\_\_ CITY \_\_\_\_\_  
COUNTRY \_\_\_\_\_  
TEL \_\_\_\_\_ E-mail \_\_\_\_\_

Send coupon to:  
IHT/Air Canada Competition,  
International Herald Tribune,  
181 Avenue Charles-de-Gaulle,  
92521 Neuilly Cedex, France.  
Or fax: (33) 1 41 43 92 16

AIR CANADA  
A BREATH OF FRESH AIR

INTERNATIONAL  
Herald Tribune  
THE WORLD'S DAILY NEWSPAPER

4-02-98

## DO YOU LIVE IN FRANCE?

- Subscribe and SAVE up to 60% off the cover price.
- Also available: PAY MONTHLY by easy, low cost, direct debit.

## EARLY MORNING DELIVERY TO YOUR HOME OR OFFICE.

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In and around most of Paris and Lyon the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday. And, because it is printed in Paris, Toulouse and Marseille, it can be sent by post to arrive on the same day in most of France at no extra cost.

The result? Unique coverage of the world you live in, brought to you as it changes — daily.

For more information about easy ordering and availability of hand delivery

CALL our Subscriber Customer Service Department:

TOLL FREE: 00800 4 448 7827 (00800 4 IHT SUBS)

or Fax: 01 41 43 92 10

E-mail: subs@iht.com — Internet: http://www.iht.com

## PAYMENT BY NON-INSTANT DIRECT DEBIT

- ☐ YES, I'd like to subscribe and have my bank account debited monthly by FF162. Please start my subscription and send me a bank form to arrange my payment.

Family Name: \_\_\_\_\_  
First Name: \_\_\_\_\_  
Job Title: \_\_\_\_\_  
Mailing Address: ☐ Home ☐ Business

## PAYMENT BY CHECK OR CREDIT CARD

- ☐ YES, I'd like to subscribe and pay for the following term:
- ☐ 12 months (+ 2 months free): FF1,950 (Saving off cover price: 46%)
  - ☐ Special, 2-month trial subscription: FF210 (Saving off cover price: 60%)
- ☐ My check is enclosed (payable to the IHT)
- ☐ Please charge my:
- ☐ Access ☐ Amex ☐ Diners
  - ☐ Eurocard ☐ MasterCard ☐ Visa
- Credit card charges will be made in French Francs at current exchange rates.
- Card No: \_\_\_\_\_ Exp: \_\_\_\_\_
- Signature: \_\_\_\_\_
- ☐ Please start delivery and send invoice.

City: \_\_\_\_\_  
Postal Code: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Your VAT N° (Business orders only)

(IHT VAT N° 747 320 211 36)  
I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other  
☐ I do not wish to receive information from other carefully screened companies. 4-2-98

This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.

Return your completed coupon to:  
Subscriptions Director, International Herald Tribune,  
181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex.  
Fax: 01 41 43 92 10 E-Mail: subs@iht.com FR14

READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

EUROPE, MIDDLE EAST & AFRICA	THE AMERICAS	ASIA
Tel: +33 1 41 43 93 61	Tel: (USA toll free) 1-800-882-2884	Tel: +852 29 22 11 71
Fax: +33 1 41 43 92 10	Fax: +1 212 755 8785	Fax: +852 29 22 11 99



## THE INTERMARKET

## BUSINESS OPPORTUNITIES

**Attention! Hospital clearance**  
Complete Equipment for 100 bed hospital.  
Medical Equipment and Supplies  
esp. CT Scanner SOMATOM Plus/Hi Q, S-D-Display,  
complete, 1992, Siemens  
Equipment partly unused or as new  
Offerlist, Berndt GmbH, Germany Fax: +49 6333 4600

## Internet store

http://www.swisswatchandclocks.ch  
"attractive prices, feel free to visit us..."

## OFFSHORE COMPANIES

## Offshore Company &amp; Trust Formation

• Fast, Efficient, Professional  
• Management, Nominee & Admin.  
Services • Bank introductions

**Bahamas** \$500  
**BVI** \$500  
**Delaware** \$250  
**Ireland (Non-Res)** \$250  
**Isle of Man** \$250  
**Jersey** \$450  
**Niue** \$500

Others on request

Credit Card payments accepted.  
Call now for more information.

Charterhouse Corporate Services Limited

Tel: +44 1624 817494  
Fax: +44 1624 817604  
Email: ccsgroups@charterhouse.net

## OFFSHORE

COMPANY FORMATION CONSULTANTS  
Isle of Man • Bahamas • BVI • Gibraltar  
Ireland • Delaware

Full Nominee Service Available  
We can also represent you as the UK tax resident for your products

Charterhouse Pte  
Tel: +44 1624 817494 Fax: +44 1624 817604

## Offshore Companies, Trusts Tax Planning

**EXAMPLE INCORPORATION FEES**

**Isle of Man** \$500  
**BVI** \$500  
**Delaware** \$250  
**Ireland (Non-Res)** \$250  
**Isle of Man** \$250  
**Jersey** \$450  
**Niue** \$500

Others on request

Credit Card payments accepted.  
Call now for more information.

## BUSINESS SERVICES

Diplomatic / Regular Passports  
Cheap Bank Charters under 18k  
Driver's Licenses/Aux. ID's  
PT-Stamp, etc.

Fax: +33 (0)1 53 01 31 58  
http://privatys.com/consultants.com  
e-mail: conseilors@privatys.com

## Sculpture World

A Sculpture Training Program  
"This is the alternative to finding a sculptor who will do your work for you. You can learn to sculpt and make money from it."

Start From \$14,990 USD  
1-800-322-1405  
(Outside U.S. 781-911-1700)  
International Fax: 781-911-1700

## ICR Ltd.

Int'l Accountants  
Corporate Finance  
Investment & Tax  
Consultants

Principals & Intermediaries  
VISIT OUR WEBSITE  
www.the-europe.com/ICR.html

E-mail: icr@rockwell.com  
Tel/Fax: +44 1245 348668  
Tel/Fax: +47 21 421 322

## WHERE SWISS BANKERS PUT THEIR OWN MONEY

**FREE REPORT**  
Reveals Secret

Better Than Gold  
Better Than A Bank Account  
Interest & Principal  
Guaranteed

For your FREE copy contact:  
Sage International Ltd, Box No 64/6  
Freemantle House, Richmond Castle,  
Hastings, PO1 9EE, England, UK  
Tel: +44 1705 631751  
Fax: +44 1705 631322  
E-mail: sage@icr.com

## CAPITAL AVAILABLE

**PRIVATE LENDER**  
Real Estate Sec'd Comm'l Loans  
Up to 80% loan to value  
\$3,000,000 - \$50 Million USD

• 1 to 5 Year Term • Land Dev.  
• Acquisitions • Workouts  
• Bankruptcies  
• Brokers Welcome

Contact: Bob  
KENNEDY FUNDING  
Hackensack, NJ USA • 201-341-6500  
www.kennedyfunding.com

## INTERNATIONAL GEMMOLOGICAL INSTITUTE

GEMS & JEWELRY IDENTIFICATION REPORTS

ANTWERP NEW YORK BANGKOK

One to three weeks polished and rough diamond courses  
Scholarship 17-20k Antwerp - Belgium  
Tel: 02-52 21 68 45 Fax: 02-52 23 07 58  
E-mail: info@igi.org

## BECOME AN OFFSHORE FINANCIAL ADVISOR

Six-figure potential  
(702) 883-1944  
Fax: (702) 883-0267

## READERS ARE ADVISED

that the International Herald Tribune cannot be held responsible for loss or damages incurred as a result of transactions stemming from advertisements which appear in our paper. It is therefore recommended that readers make appropriate inquiries before sending any money or entering into any binding commitment.

## Banking

WE PROVIDE DOCUMENTARY & STANDBY LETTERS OF CREDIT, PAYMENT ADVISORIES, PROTEST OF ACCEPTED & BLOCKED FUNDS. Fax: 954-436-8883 USA.

FUNDING commitment up to US\$ 100 m. Issued by 1st class bank, immediately available at 2% Fax: +1 (303) 7245154

## Business Opportunities

## OFFSHORE BANKS COMPANIES &amp; TRUSTS IMMIGRATION/PASSPORTS

Banking, Accounting, Secretarial, Visa Registration, Immigration, Multi-Purpose Visa Services Worldwide

Aston Corporate Trustees  
Aston House, Douglas, Isle of Man  
Tel: +44 (0) 1624 8881  
Fax: +44 (0) 1624 8882  
E-mail: aston@enterprisenet.net  
www.aston-trustee.com

## GAZALA TEXTILE MANUFACTURERS

seeking wholesalers, manufacturers, distributors & agents worldwide for export of top quality T-shirts, polo shirts, clothing, casual, uniforms, thread, yarns in cotton, wool or synthetics at most competitive prices and terms. Contact GAZALA INTERNATIONAL GROUP, Turkey's leading manufacturers of textiles and suppliers of Turkey exports (textiles, clothing, etc.). Fax: 0204 212 5176312

## DISTRIBUTORS &amp; AGENTS REQUIRED

worldwide, region or country exclusive. Multiple trade system & blades (do-it-yourself and professional use). Swiss made. Well known brand, successful in many European countries. Extensive marketing support. Tel: +41 81 302 9781, 302 9782, 302 9783, 302 9784, 302 9785, 302 9786, 302 9787, 302 9788, 302 9789, 302 9790, 302 9791, 302 9792, 302 9793, 302 9794, 302 9795, 302 9796, 302 9797, 302 9798, 302 9799, 302 9800, 302 9801, 302 9802, 302 9803, 302 9804, 302 9805, 302 9806, 302 9807, 302 9808, 302 9809, 302 9810, 302 9811, 302 9812, 302 9813, 302 9814, 302 9815, 302 9816, 302 9817, 302 9818, 302 9819, 302 9820, 302 9821, 302 9822, 302 9823, 302 9824, 302 9825, 302 9826, 302 9827, 302 9828, 302 9829, 302 9830, 302 9831, 302 9832, 302 9833, 302 9834, 302 9835, 302 9836, 302 9837, 302 9838, 302 9839, 302 9840, 302 9841, 302 9842, 302 9843, 302 9844, 302 9845, 302 9846, 302 9847, 302 9848, 302 9849, 302 9850, 302 9851, 302 9852, 302 9853, 302 9854, 302 9855, 302 9856, 302 9857, 302 9858, 302 9859, 302 9860, 302 9861, 302 9862, 302 9863, 302 9864, 302 9865, 302 9866, 302 9867, 302 9868, 302 9869, 302 9870, 302 9871, 302 9872, 302 9873, 302 9874, 302 9875, 302 9876, 302 9877, 302 9878, 302 9879, 302 9880, 302 9881, 302 9882, 302 9883, 302 9884, 302 9885, 302 9886, 302 9887, 302 9888, 302 9889, 302 9890, 302 9891, 302 9892, 302 9893, 302 9894, 302 9895, 302 9896, 302 9897, 302 9898, 302 9899, 302 9900, 302 9901, 302 9902, 302 9903, 302 9904, 302 9905, 302 9906, 302 9907, 302 9908, 302 9909, 302 9910, 302 9911, 302 9912, 302 9913, 302 9914, 302 9915, 302 9916, 302 9917, 302 9918, 302 9919, 302 9920, 302 9921, 302 9922, 302 9923, 302 9924, 302 9925, 302 9926, 302 9927, 302 9928, 302 9929, 302 9930, 302 9931, 302 9932, 302 9933, 302 9934, 302 9935, 302 9936, 302 9937, 302 9938, 302 9939, 302 9940, 302 9941, 302 9942, 302 9943, 302 9944, 302 9945, 302 9946, 302 9947, 302 9948, 302 9949, 302 9950, 302 9951, 302 9952, 302 9953, 302 9954, 302 9955, 302 9956, 302 9957, 302 9958, 302 9959, 302 9960, 302 9961, 302 9962, 302 9963, 302 9964, 302 9965, 302 9966, 302 9967, 302 9968, 302 9969, 302 9970, 302 9971, 302 9972, 302 9973, 302 9974, 302 9975, 302 9976, 302 9977, 302 9978, 302 9979, 302 9980, 302 9981, 302 9982, 302 9983, 302 9984, 302 9985, 302 9986, 302 9987, 302 9988, 302 9989, 302 9990, 302 9991, 302 9992, 302 9993, 302 9994, 302 9995, 302 9996, 302 9997, 302 9998, 302 9999, 302 10000

## COMMERCIAL/VENTURE

Funds Available  
Joint Venture  
Air/Travel Financing  
Projects considered

Phone: +44 1222 297783  
Fax: +44 1222 221128

## See Friday's Intermarket

for Holiday & Travel, Residential Real Estate and Dining Out.

To advertise contact Sarah Wesshof on +44 171 420 0348 or Fax: +44 171 420 0338  
A GREAT DEAL HAPPENS AT THE INTERMARKET

## TELECOMMUNICATIONS

## kallback

Connecting You to a World of Savings!

Call to the U.S. from:  
France.....27¢  
Italy.....34¢  
U.K.....17¢  
Japan.....36¢  
Singapore.....33¢

Instant Activation  
• Fiber-Optic Networks  
• 24-Hour Customer Service  
• Remixed 6-Second Billing  
• Ideal for Home, Office, Hotels and Mobile Phones

No Deposit • No Minimum • No Set Up Fees  
Agents Wanted • Call 1-206-378-2816  
Tel: 1.206.599.1991 • Fax: 1.206.599.1981  
417 Second Avenue West • Seattle, WA 98119 USA  
www.kallback.com • Email: info@kallback.com

## NOBODY SAVES YOU MORE ON INTERNATIONAL CALLS!

BEWARE OF DECEPTIVE ADVERTISING.  
NewWorld rates are not just for the first month.

SEE OUR INCREDIBLE RATES TO THE U.S.

Most new customers are referred by satisfied NewWorld users

Now earn 20% by referring a friend

Numerous Special Services Included  
- No Extra Charge -

Call: 201.287.8400 Fax: 201.287.8437  
In the U.K. Call: 44.171.360.5037 Fax: 44.171.360.5036  
trine36@newworldtele.com www.newworldtele.com

## NEWORLD TELECOMMUNICATIONS

NEWORLD TELECOMMUNICATIONS 1402 TEANECK ROAD • TEANECK, NEW JERSEY 07666 • USA

## Save 30-70% on International Calls

"Justice rated #1 in Callback service."

1997 International Telecommunications Association

• Business, residential, and cellular savings.

• Earn free air travel with WorldMiles program.

• Use the service to save, or sell it as a Justice agent.

## Justice...

It's just what you're looking for.

Justice Corp. 1-800-526-2277 • 1-310-526-2100 Fax: www.justicecorp.com

## Leg Rates: (US)

France.....27¢  
Germany.....14¢  
UK.....07¢  
Switzerland.....15¢  
Austria.....15¢  
Belgium.....19¢  
Hong Kong.....28¢  
Japan.....36¢  
Singapore.....33¢

European rates reflect intra-European plan.

## EUROPE

PARIS: PCH SA  
Tel: 01 43 93 85  
Fax: 01 43 93 86  
E-mail: pch@pch.com

GERMANY, AUSTRIA & CENTRAL EUROPE:  
Tel: 089 712500  
Fax: 089 712502  
E-mail: info@justicecorp.com

BELGIUM-LUXEMBOURG:  
Tel: 02 53 53 53  
Fax: 02 53 53 53  
E-mail: info@justicecorp.com

GREECE & CYPRUS: Athens  
Tel: 210 51 51 51  
Fax: 210 51 51 51  
E-mail: info@justicecorp.com

## Business Opportunities

## OFFSHORE COMPANIES

READY MADE CO'S. FULL ADMIN  
TRADE DOCUMENTS AND LIC  
BANKING & ACCOUNTING  
CHINA BUSINESS SERVICES

Contact Stella Ho for immediate  
services & company brochure  
NACS LTD, Room 1108, Abdon Plaza  
24 Gamble Road, TST, Kowloon,  
Hong Kong. E-mail: nacs@hk.com.hk  
Tel: 852-2721223 Fax: 852-2721223

## TURKISH CONNECTIONS?

Highly successful UK business women  
seeking ambitious men & women, all track  
records for launch of exciting new company.  
Simple rewarding, no investment.  
Call R. Connolly +44 171 525 0504,  
Fax: +44 171 224 1554

## REPUTABLE SWEDISH COMPANY

expanding into Europe and the World  
with their innovative and highly profitable  
"Kamrad Planning Partner" which they  
are planning to launch in 1998. All  
+46-41-137-35 for full details. Agency  
enquiries welcomed.

## USA BANK ACCOUNTS, Incorporations

Wyoming, Utah, Low cost, fast, private,  
complete services for all international  
clients. No taxes. Fax USA 425-855-5510

## U.S.A. IMMIGRANT VISA

Available for Nurses, Physicians,  
Computer Specialists, Actors, Musicians,  
Engineers,  
Business Transfer, other professionals.  
SPECIAL RMA AGENCY  
120 So. Main Street, Suite 101  
San Diego, CA 92101 USA  
E-mail: info@usavisa.com  
Web Site: http://www.usavisa.com  
Fax: (619) 478-7327

## CUSTOM MADE TOURS IN TOKYO

For BUSINESS EXECUTIVES. Professional,  
bilingual Japanese young lady is  
offering personal custom made tours of  
Tokyo to international business executives  
on the weekends. Please call: (81)  
4223-1834 (Monday) or e-mail: BIS-  
Tokyo@nifty.com

## PROFESSIONAL SERVICES IN Eastern

Europe, Baltic States and Scandinavia.  
Partners search, representation and ex-  
ecutive, marketing services and market sur-  
veys. Serious inquiries only. Please Fax:  
+352-604577 after 18:00

## HOW TO BANK, invest and

do business offshore, tax free.  
Call: +44 (0)7050 110914 or  
Fax: +44 20 524 1394

## 2ND PASSPORT DUAL NATIONALITY

Driver's Licenses, various countries, Se-  
cret Bank Accounts, Confidential Swiss  
Corporates. Fax: +41-1-322-40-40

## 2ND PASSPORTS. Visa free travel &amp;

banking back door to Spain & E.U.  
Agents are welcome. Tel: 972 5083135,  
Fax: 972 4 963236

## NYC LAW FIRM - BUSINESS

Opportunity in New York City  
Tel: 212-797-5400, Fax: 212-943-3235  
E-mail: coryg@att.net

## CONFIDENTIAL selling address

registered office in UK/business services  
Fax: +44 (0)1824 200581

## MAILING LISTS by Burger &amp; Company

European business and consumer data  
Tel: 44 1212629996 Fax: 44 1212627001

## YOUR OFFICE IN LONDON

Board Street - Mail, Phone, Fax, Telex  
Tel: 44 171 200 9000 Fax: 171 489 7517

## YOUR OFFICE IN Brussels, support in

creating your company, administrative  
Fax: +32-21413345 or call 40.10.89

## Capital Available

INTERNATIONAL FINANCING SPECIALISTS  
Over 30 years experience

Venture Capital - Commercial Mortgages  
Investment Financing - Letters of Credit  
Mortgage S.I. Mortgages  
Tel: +44 1 - 747 - 355554

## DEMASSADO, Holland's 11 Beachclub /

Restaurant, The Hague, near Rotterdam,  
open March-October. Looking for 50%  
partner. A1 location, Goldmine.  
US\$75,000. Tel / Fax: +31 70 386450  
john@demassado.nl

## A GIVE-AWAY Export Surplus clothing

shirts, handkerchiefs, pajamas, etc.  
Relatively priced at US\$0.01/12. Give-  
away for US\$ 250 only. STOCKLOT  
11,000 pieces. Fax: +852-2 817-8892

## 2nd PASSPORTS / Driving Licences /

Degrees/Certificates/Passports/Secret  
Bank Accounts. Fax: +3120-5241407,  
E-mail: 100413-3245@compuserve.com  
http://www.global-money.com

## RECYCLE YOUR USED CANS AND

DRUMS that contained chemicals, oils,  
liquids, etc. Tanks, mobile washing  
and crushing machines. Please Fax: Swit-  
zerland: +41 56 621 0104

## INTL SOCIETY OF FRANCHISERS

Networking for full-time professionals with  
projects for funding or funding for  
projects. FREE - Attractions, Events  
704-225-5907 Fax: 704-251-5081 USA

## INTERNATIONALLY RENOWNED

French Ribbon Manufacture - Sale of  
quality stock, large quantities. Exceptional  
prices, must be seen. Tel: PARIS +33  
(01) 47714856 (English / French speakers)

## INVESTORS WANTED for a well

established import-export  
business. Men export to Russia.  
Tel: +44 (0)171 376 2113

## 100% ON YOUR INVESTMENT. 100%

tests secured \$10 m into 100% per  
under \$10m = 50% Profit of Funds re-  
quired. E-mail: gmes@pds.demon.co.uk

## 2nd PASSPORT SIO K. Also EU, Dolo-

matic, Driver's License. E-mail:  
coul@unil.ch Fax: 02-8515552

## INTERNATIONAL BUSINESSMAN seeks

associates in Belgium or outside. Give-  
away. Belgium Fax: +32-2-75 74 85

## IRISH OFFSHORE COMPANIES EHS

Contact Irish Incorporations Ltd. Fax:  
+353-51-388221 E-mail: info@ehs.ie

## Capital Available

## ANGLO AMERICAN GROUP PLC

PROJECT FINANCE  
VENTURE CAPITAL  
GLOBAL COVERAGE  
NO MANDATE  
BROKERS WELCOME  
For Corporate Brochure and  
Information pack  
Tel: +44 1824 201 335  
Fax: +44 1824 201 377  
You are welcome to visit us.

## LOAN

FOR ALL BUSINESS PROJECTS  
VACREDIT BANKING LTD  
INFO: FAX +30 102 43 527

## Capital Wanted

PARIS-BASED PUBLISHING & Publicity  
Company, 10 years old, sound & suc-  
cessful, seeks \$2M against guarantee or  
venture capital for prestigious first year  
contracts. Tel: +33 (0)1 47038115, Fax:  
(01)47038228 E-mail: CITA@wanadoo.fr

## Financial Investments

MERGER OPPORTUNITY  
School Uniform Retailer and Services  
Company. Sales \$9.5M. NJ. \$1.5M. Debt  
\$4M. Has made 4 acquisitions and seeks  
to merge with publicly traded company to  
continue acquisition and growth program.  
No brokers. Fax inquiries to:  
603-886-4501

## SECURED high yield investment. Pay

monthly, bank guaranteed. From \$25,000  
Fax USA: (303) 734 5164 agents wanted

## FUNDING PROBLEMS?

for SOLUTIONS  
Contact

## BANCOR OF ASIA

Bankable guarantees to secure funding  
for viable projects

## VENTURE CAPITAL

EQUITY LOANS  
REAL ESTATE

Long term collateral  
Supported Guarantees

Fax: (832) 819-8284  
Tel: (832) 819-8284

## FINANCIAL GUARANTEES

Insurance / Reinsurance backed  
guarantees for qualified  
business projects  
Tel: 561-988-3222  
Fax: 561-988-3222 USA  
northcorp@worldnet.att.net

## ATTN: All Independent Financial

Advisors. If you are looking for expert  
competitive term insurance rates with  
aggressively underwriting from European and  
US companies, with excellent back up  
administration, call, fax or e-mail. The  
Coburn Group Tel: +44 1630 714744  
Fax: +44 1630 714334 E-mail:  
100517 1076@compuserve.com

## SWISS BANK ACCOUNT and on-call

factory investment results? Global Invest  
Conseil, PO Box 627, CH-1215 Geneva  
15. Telephone: +41 22 3071141 Fax: +41  
22 3071213

## SMALL LOANS from US\$10



## A Tale of the Final Betrayal

By Sheridan Morley  
International Herald Tribune

LONDON—Three or four years ago, the reputation of Kevin Elyot was established almost overnight by his "My Night With Reg," a thoughtful and infinitely touching gay play in which most of the events that mattered happened offstage, while on stage we watched their effect on a group of closely interlinked characters.

On the National's Cottesloe stage we now have Elyot's "The Day I Stood Still," which also plays around with the conventions of stagecraft, though now more in the tradition of Priestley's "Dangerous Corner" or Pinter's "Betrayal." In that sense, this is a time play, and once again we have at its center a man unable to connect with life, but equally unable to allow it to pass him by without making the occasional desperate and usually doomed effort to open the doors of his closet.

In this case, he is Horace, wonderfully, uneasily played by Adrian Scarborough, and we follow him from the early 1980s through to the present day and then back to the sixties as gay sensibilities change, but he remains chronically closeted in a curiously English prison of guilt and sheer embarrassment at the demands of his heart and body.

The echoes here range from "Jules et Jim" all the way back to Proust as a long-lost gold chain finally releases the secrets of the past, but in its analysis of the recent rites of gay pride, and of how easy it is to cut off entirely from an ever-changing outside world, "The Day I Stood Still" is a haunting and haunted story of how in the end people always let you down, sometimes by simply dying at the wrong moment.

Elyot's play starts ominously like "Art," as an intellectual conversation piece about nothing very much, but it rapidly develops into an infinitely funnier, bittier and sadder play about old friends in a time warp where the world is seen to belong only to those who know precisely where they wish to go in it.

Recollection is reversed, promises are broken, friends are betrayed, but at the last we have a touching and sometimes traumatic account of how we got from the Swinging Sixties to the Ego-centric Eighties and of those who died on that long march. In a very strong cast, Scarborough is expertly partnered by Catherine Russell, Geoffrey Church and Oliver Milburn in Ian Rickson's agile and adept production, one that augurs very well indeed for his new management of the Royal Court.

While the Royal Court remains in exile, at the Ambassadors it has a curious new play by Phyllis Nagy, "Never Land" is set in the south of France and concerns two families, one local and desperate to move to Bristol, while the other, perfidious English visitors, first patronize and then betray them in a



Sheila Gish in "Never Land" by Phyllis Nagy, directed by Steven Pimlott.

script all too inclined to wander around its own character sketches in search of some really central theme.

Pip Donaghy and Sheila Gish do what they can to keep Steven Pimlott's production on the rails, but the center cannot hold and we are left with an intriguingly ill-matched group, each of whom would rather be somewhere else.

If "Never Land" is not about Peter Pan's magical island, just beyond the second star to the right, it is instead about an all-too-real world in which fascination turns quickly to repulsion and friendship to disillusion. In many ways, Nagy's new play is a throwback to those family dramas of the 1950s which used to fill the Haymarket with titles like "A Day by the Sea" or "Waters of the Moon." But where they were infinitely better crafted, Nagy seems happy to let our attention wander around the Minton set watching each character in turn but never really able to care for or about any one of them.

Like "The Day I Stood Still," this too is a play about the failure of people to connect, but where Elyot manages the mood of a social documentary, Nagy is content with a hazily watercolored landscape of the British abroad.

And finally at Hampstead, Jessica Townsend's "Terms of Abuse" launches a season of new playwriting with a chilly echo of the Fred West murder trials, written by a first-time playwright who grew up a few streets away from that terrible Gloucester house. But this is in no sense a reconstruction of the case, even though the themes of child abuse and rape are central; rather it is about the ethics of selling such stories to gutter journalism, a short, sharp shock of a play that ends all too abruptly but suggests a raw new talent.

All the characters in "Terms of Abuse" live with a curious kind of internal guilt, and they are all familiar, the abused child, the gutter journalist, the dodgy policeman, each of whom discovers in themselves something they would rather have left as well concealed as West's multiple murders.

But Julie-Anne Robinson's production never quite manages to hold it all together, despite powerful performances from Suzan Sylvester and Dermot Crowley; what might have made for a highly dramatic 50 minutes on television seems sprawling even as a short evening in the theater.

## Strehler and the Nuovo Piccolo A Director's Farewell and a Step Into the Future

By David Stevens  
International Herald Tribune

MILAN—Barely a month after Giorgio Strehler's death, Mozart's "Cosi fan tutte" has opened the Nuovo Piccolo Teatro in production he conceived but was unable to finish, in the new theater whose completion dragged on so long he hardly had a chance to use it. In one sense it is Strehler's farewell, but this production is also the opening shot of "Project 2000," a program he conceived for carrying the theater's work into the next century and in three houses—the new and old ones, and the studio theater across the street from the new one.

The new theater, designed by Marco Zanuso, is a free-standing structure at the edge of the Foro Buonaparte, in the shadow of the Castello Sforzesco. Outwardly it is an asymmetrical, vaguely tent-shaped, red-brick building. Inside, it holds almost 1,000 seats on two levels in a red-decorated auditorium as wide as it is deep, plus modern technical and administrative spaces.

In a way, this "Cosi" is a completion

of Strehler's long affair with Mozart's greatest operas—"Figaro" in Paris, "Abduction" and "Magic Flute" in Salzburg, and "Don Giovanni" at La Scala. This "Cosi" is not on the scale of those. The Piccolo is not an opera house, but "Cosi" is not a large-scale work. Strehler also opted for an accent on youth, at least for the two pairs of lovers, and assembled two casts after a far-flung series of auditions.

Ezio Frigerio's stage design opens in a Neapolitan outdoor cafe with the facade of the Teatro San Carlo on a painted backdrop. When that disappears, the stage becomes an open, light-bathed space defined by a few accessories that are mostly carried on and off, and with sliding walls and door frames that expand or shrink the playing area.

Franca Squarciapino's costumes for the women are white, light and of exquisitely luxurious fabrics, while the two men's impostures as "Albanians" introduces a touch of Oriental color.

The youthfulness of the voices in the four young roles was all to the good, and for the most part they met the sometimes formidable demands of the roles more adequately. The well-matched and mu-

sically quartet of the performance in question included Ana Rodrigo (Spanish) and Lesley Goodman (American) as Fiordiligi and Dorabella, and Mark Milhofer (English) and Markus Werba (Austrian) as Ferrando and Guglielmo. Janet Perry was an agile, matter-of-fact Despina, and Alfonso Echeverria the grungily cynical Don Alfonso.

The 45-member orchestra (also young) drawn from Milan's Giuseppe Verdi Symphony Orchestra was under the taut and precise direction of Ion Marin, although there were moments when he might have given the singers a little more leeway. The small chorus came from the Civic Music School of Milan, and a number of pupils of Strehler's theater school also took part.

STREHLER conducted rehearsals up to Dec. 23, two days before his death. For the record, this production was presented as "uno spettacolo di Giorgio Strehler," but with the stage direction attributed to the program to two longtime collaborators, Carlo Banti and Marisa Flach.

Performances are daily except Mondays and Thursdays through March 10.

## BOOKS

### INTO THE HOUSE OF THE ANCESTORS:

Inside the New Africa  
By Karl Maier. 278 pages.  
\$24.95. John Wiley & Sons.

Reviewed by  
David Burgess

FOR those who know Africa, and especially for those who don't, Karl Maier has written a book of immense charm and insight. He weaves passages about the general problems of that troubled continent with a journalist's observations of the specific: the travails of an often-jailed Nigerian doctor whose crime was to naively urge free elections—and who has somehow kept his optimistic outlook; a Zulu woman medical doctor who found herself made a chief and her efforts to combine traditional ways with the needs of a modern society. And there is, heartbreakingly, the tale of a taxi driver in Lagos, known locally—and tellingly—as "the honest Nigerian," who returned to a passenger a bag of money, representing 18 months' wages, that she had left in his cab. The driver had a subsequent run of bad luck that tested to the limit his faith that he had done right.

In this fine overview of Africa on the brink of the millennium, Maier, who spent most of the decade ending in 1995 in Africa as *The Independent* of London's correspondent, identifies the complex of problems facing the sub-Saharan part of the continent and, with an Africa-lover's optimism, concludes that all hope has not been entirely lost—mainly because of the extraordinary resilience of the African peoples.

Maier correctly identifies as one of black Africa's strengths the ties of the extended family. In what other place, he asks, could 2 million refugees have been absorbed into their native land in the way that that number of Ghanaians disappeared back into their villages after their expulsion by Nigeria in 1983. And Ghana's population at the time? About 12 million.

AIDS may well be the

greatest long-term menace to Africans: In Central Africa, which is the region most affected, the penetration of AIDS is unimaginable by Western standards.

In Zimbabwe, to take a country that is not necessarily the worst hit, up to 40 percent of the sexually active population is HIV-positive, and is doomed. This horrifying percentage includes virtually all of the university-educated class, largely because the cities are the centers of the spread of AIDS. And these seropositive Africans continue to spread the disease.

Maier offers a ray of hope. In Zimbabwe, the need to control AIDS has begotten grass-roots organizations—mainly organized by women—to distribute condoms and, most important, make it acceptable to demand that men use them. As well, traditional healers, who are trusted by most Africans more than doctors trained in Western medicine, are being recruited to the cause of the condom.

MAIER'S references to Nelson Mandela as having been imprisoned for 27 years "because he believed that the African majority should enjoy their full democratic rights." Well, not quite. Mandela—one of the great men of our politically sorry century with an almost saintly forgiveness for his erstwhile opponents—was jailed not for what he thought or said, but for what he did—which was to organize a bombing campaign, an act that he acknowledged at his trial in 1964. That he was arrested before any bombs went off surely saved him from the hangman.

The book is particularly good on the historical back-

ground and consequences of the genocide in Rwanda.

To the extent that the outside world can be blamed for the slaughter of the Tutsi by their Hutu neighbors, he puts the blame where it belongs: "France's role in Rwanda may well go down in history as the darkest of any Western nation in Africa since the slave trade"—the French ran guns to the Hutu and gave them political support well after the start of the genocide.

Maier quotes a leader of a Hutu death squad as saying, "Even Paul Kagame [leader of the Tutsi army that put an end to the genocide], who was causing all this trouble, was a child when he left the country, so all the children must die."

This was Hutu policy early on. The Hutu radio station in Kigali, Radio des Milles-Colines, was no less overt in its targeting of children. It broadcast repeatedly: "To kill big rats, you have to kill little rats."

A quibble: Maier refers to Nelson Mandela as having been imprisoned for 27 years "because he believed that the African majority should enjoy their full democratic rights." Well, not quite. Mandela—one of the great men of our politically sorry century with an almost saintly forgiveness for his erstwhile opponents—was jailed not for what he thought or said, but for what he did—which was to organize a bombing campaign, an act that he acknowledged at his trial in 1964. That he was arrested before any bombs went off surely saved him from the hangman.

The book is particularly good on the historical back-

## Brecht (Minus the Weill) in Berlin

By Paul Moor  
International Herald Tribune

BERLIN—Not "Anything but nothing!" cried the child in Hans Christian Andersen's parable. One must go almost that far about Robert Wilson in "The Ocean Flight," his contribution to Bertolt Brecht's centennial at the Berliner Ensemble, the formerly great company Brecht founded in Berlin's Soviet sector.

Art for art's sake in this stronghold of Marxist-Leninist dialectical materialism? Yet, this production materialized at the behest of Brecht's late disciple (and eventual successor), Heiner Mueller, a leading member of the loyal opposition within the German Democratic Republic, which, with the Berlin Wall, collapsed in 1989.

Germany's theaters, as well as critics and audiences, have long indulged Wilson to a mind-boggling extent, but ominous rumblings over this triptych—which gives Brecht primary billing, with sub-billing for Mueller and Dostoevsky interpolations—may presage a foreseeable termination of that pampering.

In the Concordia age, one can hardly reconstruct 1927's worldwide delirium

when Charles Lindbergh, 25, became the first pilot to fly the Atlantic. His hero-worshippers included not only Brecht but also Brecht's composer collaborator, Kurt Weill, who even earlier had become fascinated by radio as an exciting new medium.

Together they created the radio parable "The Lindbergh Flight" for narrator, chorus and orchestra. Brecht's 1930 publication of its text acknowledged two co-authors—one of them Weill. With the blessing of Brecht's daughter and heir, Barbara Brecht-Schall, Wilson has outraged Weill's heirs by mutilating the original: He dumpeed Weill's score and commissioned music for all three parts of this congeries from Hans Peter Kuhn—hardly comparable with Weill's.

ONE cannot contest Wilson's proclivity for contriving pretty stage pictures, but he has long plagiarized himself: low horizontal and back lighting from wings and upstage, glacial pacing, interminable silences, unidentifiable, incongruously caparisoned personages entering backward to a certain spot, then exiting, contributing nothing to anything.

Stefan Kurt, rotating hands and feet, writhing on the floor, gives a virtuoso

performance as the Lone Eagle—but why (to cite one of Wilson's innumerable cliché affectations) does this German actor sing a song for a German audience, ostensibly by a German poet, in English?

What, except perhaps contemporary German theater's obligatory nudity, explains the sporadic appearance of a young athlete wearing only a layer of bronze paint? Who is that equally mute little boy, coming and going, now with a walkie-talkie, now with a varicolored computer game?

Kim Kowalek, president of the Manhattan foundation that controls Weill rights, has issued an ominously purring statement: "I am delighted that Barbara Brecht's unilateral withdrawal from the collaboration agreement between Weill and Brecht will allow Weill's music to be used in the future with different lyrics and in different dramatic works."

Weill's music (e.g., "Mack the Knife") has sluiced a fortune into the Brecht heirs' coffers. Realization of Weill's documented dream—replacing Brecht's "Threepenny Opera" text (among others) for a new adaptation of the "Bogart Opera" original—would hit Brecht's heirs hard, where it most hurts.

## BEST SELLERS

The New York Times		
This list is based on reports from more than 1,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.		
FICTION		
Week	Last Week	On List
1 PARADISE, by Toni Morrison	5	2
2 COLD MOUNTAIN, by Charles Frazier	1	30
3 FEAR NOTHING, by Don Knotts	1	1
4 THE WINNER, by David Baldacci	2	7
5 A CERTAIN JUSTICE, by P.D. James	3	8
6 CAT & MOUSE, by James Patterson	4	11
7 MEMOIRS OF A GISHIA, by Arthur Golden	8	11
8 THE GHOST, by Danielle Steel	6	11
9 THE GOD OF SMALL THINGS, by Arundhati Roy	9	25
10 THEN CAME HEAVEN, by LaVie Savoy	7	4
11 THE INVESTIGATORS, by W.E.B. Griffin	1	1
12 SHARP EDDIES, by Jayne Ann Krentz	1	1
13 THE LETTER, by Richard Paul Evans	12	14
14 ANOTHER CITY, NOT MY OWN, by Dominick Dunne	11	10
15 THE MASTERHARPER OF PERIN, by Anne McCaffrey	1	1
NONFICTION		
1 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Updike	1	185
2 ANGELA'S ASHES, by Frank McCourt	2	72
3 TALKING TO HEAVEN, by James Van Praagh	5	4
4 TUESDAYS WITH MORRIE, by Mitch Cullin	4	15
5 INTO THIN AIR, by Jon Krakauer	3	39
6 THE PERFECT STORM, by Sebastian Junger	7	34
7 THE MAN WHO LISTENS TO HORSES, by Mory Roberts	8	24
8 CITIZEN SOLDIERS, by Stephen E. Ambrose	6	11
9 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	10	59
10 THE KILLING, by Michael Chabon	1	54
11 THE DARK SIDE OF CAMELOT, by Seymour M. Hersh	13	10
12 DIRTY JOKES AND SEER, by Drew Carey	11	17
13 THE CELESTINE VISION, by James Redfield	14	9
14 THE RAPE OF NANKING, by Iris Chang	15	2
15 SAMUEL JOHNSON'S DICTIONARY, by Ed W. Marsh	1	1
ADVICE, HOW-TO AND MISCELLANEOUS		
1 SIMPLE ABUNDANCE, by Sarah Ban Breathnach	1	95
2 DON'T WORRY, MAKE MONEY, by Richard Kiyunda	2	6
3 JOY OF COOKING, by Irma S. Rombauer	1	10
4 MAKE THE CONNECTION, by Bob Greene and Oprah Winfrey	4	32

## LIVING IN THE U.S.?

Now printed in New York  
for same day  
delivery in key cities.

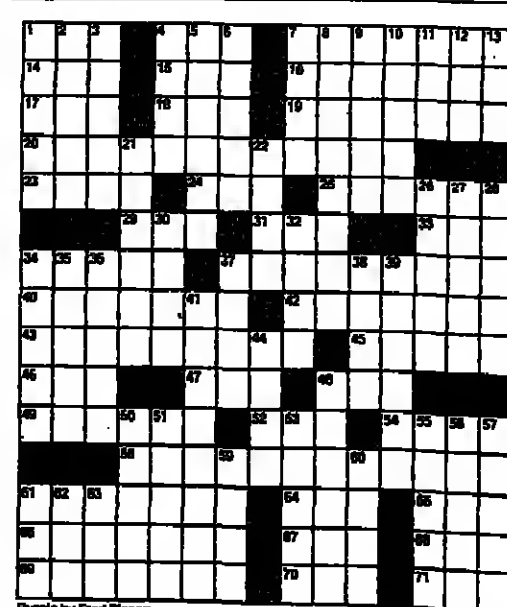
To subscribe, call  
1-800-882-2884

Herald Tribune  
THE WORLD'S DAILY NEWSPAPER

## CROSSWORD

ACROSS  
1 Dash competitor  
4 Fraction of a joule  
7 Pertaining to city planning  
14 Writer LeShan  
15 9-Down formation  
16 City of southern Italy  
17 Kind of pistol  
18 Genesis name  
19 Crow, for one  
20 Tommy Moe's specialty  
22 Loose strength  
24 "Bad Behavior" star Stephen  
25 Old Broadway star Ruby  
26 Go down  
31 First U.S. color-TV maker  
32 Rhoda's mother on "Rhoda"  
34 Out-of-date  
37 Pop group with the #1 hit "End of the Road"  
40 Venezuelan river  
42 Animal with a hard mentality  
43 Slum like documentarist  
45 Stoooge  
46 Have chicks out  
47 They: Fr.

DOWN  
1 Jolles Joe  
2 Morris or Stewart of Arizona  
3 Rocker Frank  
4 Flush  
5 Studio effect  
6 Canadian  
7 Hollywood's Moriches  
9 Suicidal  
9 Actress Graft  
10 Twilled worsted  
48 Cause of Chinese restaurant syndrome  
49 Sexist character  
52 "Ran the Zoo"  
54 Overhang  
55 Kiyomoto was one  
61 Add a coat  
64 Half a clon  
66 You can dig it  
68 Three-horse carriage  
69 Dream Team letters  
70 In a nasty way  
70 Tuba note?  
71 Zipper cover



© New York Times/Edited by Will Shortz



The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press.*

Albania	2,000,000	28,748	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
---------	-----------	--------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--



WEDNESDAY, FEBRUARY 4, 1998

PAGE 13



Publicity photos of the group Daft Punk, which sold more than twice as many disks outside France last year as it did on its home turf.



## Local Bands Leapfrog Global Stars on the Charts

By Richard Covington  
Special to the Herald Tribune

CANNES — Daft Punk may not have the pedigree of a bottle of Chateau d'Yquem or the cachet of Dior gowns, but these stars of French techno music have climbed the record charts to become France's top-earning musical export last year.

In 1997, when French music sales rose 7 percent to 7.36 billion francs (\$1.2 billion), Daft Punk sold 900,000 albums outside France — earning 77 million francs — out of 1.3 million in total sales, according to SNEP, the

country's society of record producers. In France, Germany, Spain, the Netherlands and elsewhere, local acts are grabbing a larger share of sales than ever before and pushing international — read English-speaking —

## MEDIA MARKETS

stars further down the charts, according to various recording associations. American and British artists who have dominated global sales for decades are seeing the steady erosion of their audiences, according to the International Federation for the Phonographic Industry.

Revenue from Spanish-language music has quadrupled in the past five years, for instance, and such European stars as the Italian tenor Andrea Bocelli are making inroads into record charts locally and around the world. The steady growth in homegrown music is all the more impressive against a backdrop of stagnant revenue for the \$50 billion global music business.

"This surge in national repertoire is greatly increasing the pressure on international artists," said William Roedy, president of MTV's international operations.

With an explosion in musical styles, from urban rap to North African rai,

techno and world music, the creation of niche listeners devoted to single genres is lessening the appeal of superstars. As the British minister of culture, Chris Smith, said recently at Midem, an international music festival and market held in this Riviera resort city, Europe alone sustains a mind-boggling 350 musical genres.

"The worldwide superstar has to cross over all genres, and this is becoming harder and harder," said Ahmet Ertegun, the founder of Atlantic Records and a music industry force who nurtured the global profile of per-

See LOCALS, Page 17

Malaysia Joins the Party  
Of Rising Stock Markets  
But Analysts Predict a Short-Lived RallyBy Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Malaysia's stock exchange — the world's fourth-worst performing market last year — joined the regional rally by leaping 23 percent Tuesday, as most other markets held onto their strong gains from Monday.

Currencies in the region also strengthened, with the dollar falling 1.6 percent against the Malaysian ringgit and 3.8 percent against the Thai baht.

Many analysts said that while this week's record stock market gains signaled greater confidence in Asia six months after the onset of its financial crisis, the rally probably would not be sustained as the extent of damage to the region's companies becomes clear.

Analysts also expected continued sharp swings in the market as long as the number of daily transactions remains low — the case through much of the crisis as foreign investors stayed away.

Markets across East Asia stabilized Tuesday following double-digit percent gains the previous day in Bangkok, Hong Kong, Jakarta, Manila and Singapore. Kuala Lumpur missed the buying spree Monday because it was closed. Still, Malaysia's rally took market watchers by surprise.

"I thought there was something wrong with my PC," said an official at the stock exchange, relieved after months of watching an across-the-board selloff of Malaysian shares that had brought the market to record lows.

Market players were not the only ones cheering the Malaysian economy. The World Bank president, James Wolfensohn, said during a visit to Kuala Lumpur on Tuesday that the country had "exhibited admirable economic growth and broadly very good economic management."

He said Malaysia could not be lumped together with other economies in the region such as Indonesia, South Korea and Thailand that have been forced to seek assistance from the International Monetary Fund. "Malaysia will emerge as one of the stronger countries," he said.

Although Malaysia's stock market and currency have suffered sharp declines in recent months, the country's

banking system and corporate sector have not been as seriously affected as those of Thailand and Indonesia. Analysts attribute this to close supervision by Malaysia's central bank and Finance Ministry.

The stock rally came days after the downgrading of several Malaysian banks as well as an announcement by the country's largest bank, Malayan Banking Bhd., that its profit had slumped 29 percent in the six months to December.

Investors were undeterred. Maybank shares were up nearly 30 percent Tuesday, closing at 11.90 ringgit.

Overall, investors were not choosy in the stocks they bought, with a total of 825 stocks gaining ground and just 19 losing value.

Chong Sui San, a manager at Pacific Mutual Fund told Bloomberg News the rally was a sign that the market had already reached its bottom. "The trend has changed for the better," she said. "It's a good feeling."

But many analysts said the bad news for Malaysia was yet to come. "The markets are suggesting that we have seen the worst," said Patrick Tan, who helps manage a \$1.2 billion portfolio at Rothschild Asset Management (Singapore) Pte. "I think it's too early to call. It's a gross overreaction. We are taking the opportunity to throw out some stuff and sit back and wait."

Lai Tak Heong, director of research at SocGen-Crosby Research Malaysia Sdn. attributed the rally to investors whose portfolios had been underweighted for Malaysia. "A lot of people are not convinced that it's sustainable," he said.

## 16 Accused of Industrial Theft

South Korean prosecutors were reported to have arrested 16 engineers on charges of stealing sophisticated semiconductor manufacturing technology, Bloomberg News said from Seoul.

The engineers were accused of taking technology from Samsung Electronics Co. and LG Semicon Co. for Nan Ya Technology Corp., a Taiwanese microchip maker, the Naeyang Newspaper said. The 16 included Kim Hyung-ik, an executive of Korea Semiconductor Technology Co., and 15 former and current workers for Samsung and LG.

## Crux of Asia Crisis: How Strong Are Japan's Banks?

By Sheryl Wudunn  
New York Times Service

TOKYO — From the stratospheric heights of their boardrooms in glass and steel headquarters far above the narrow streets of Tokyo, Japan's top bankers once gazed with pride on the vast commercial empires they helped build. Now, when they look out, they see mountains of bad debt.

Japanese banks are the biggest on Earth, but they are swaying frighteningly in the Asian financial typhoon. The possibility that a giant Japanese bank might one day come crashing down, sending shock waves around

the globe, is a recurring nightmare not just for Japanese bankers but for treasury officials and bank executives around the world.

Is that going to happen? Probably not, bankers and analysts say. But they do not say so with as much confidence as they would like to be able to.

When the United States and the International Monetary Fund rushed to bail out South Korea last month, their ultimate concern was less for South Korea than for the potential impact on Japanese and Western banks if their actions failed.

Some Japanese banks are already wobbling because of a crushing burden of bad debts; indeed, the sum of

bad debts held by Japan's banks is greater than the value of the entire economy of China, not to mention South Korea.

"It's very unstable," Alicia Ogawa, a managing director and banking analyst at Salomon Brothers Asia Ltd. in Tokyo, said of the financial system in Japan. "Everyone knows there's a huge shoe that's got to drop. Nobody knows when, who's going to pay and who it's going to land on, so of course everyone's sort of frozen and trembling in the corner."

For all the worries about Indonesia or South Korea,

See BANKS, Page 17

## S&amp;P Index Marks Its Own Millennium

In Its Rush to the 1,000-Point Level, the '500' Outpaces the Dow Industrials

By Floyd Norris  
New York Times Service

NEW YORK — With the Standard & Poor's index of 500 stocks rising above 1,000 points this week for the first time, the broad-based index is more than twice as high as it was just three years ago.

Its new milestone serves as a reminder that for the past year the S&P has been Wall Street's star, drastically outpacing the more widely followed Dow Jones industrial average.

While the S&P 500, which closed above 1,000 Monday for the first time, advanced further to close Tuesday at 1,006.00, up 4.73 points, the Dow, even after gaining 52.57 to close at 8,160.35, was still almost 100 points shy of its peak of 8,259.31 reached last Aug. 6.

Even as the overall U.S. stock market remains resilient despite worries about Asia, that divergence in performance has both colored perceptions of the market and emphasized the way different types of stocks have reacted to the worries, coming out of Asia. The underperformance of the Dow began around the time that Asian worries started to emerge, a fact that is not coincidental.

The S&P 500 index gives a greater weight to "defensive" stock groups, such as drugs and foods and beverages, that would be hurt less if the economy weakened, said Richard McCabe, chief market analyst for Merrill Lynch & Co. "The Dow is not weighted as heavily in the industries that have done the best," he said.

Those defensive groups have in-

cluded stocks that would seem to have the least to fear from a falloff in Asian purchases and an increase in cheap Asian exports. Drug, telephone, media and entertainment stocks have all done well, while steel, oil and aluminum companies, heavily represented in the Dow, have been among the laggards.

Since the day the Dow peaked, only one-third of the 30 stocks in the industrial average have risen, while two-thirds have declined. The strongest performers have been AT&T Corp. and Walt Disney Co., neither of which is in any danger of competition from cheap Asian imports or particularly vulnerable to the threat of a weak economy.

The worst performer in the Dow — Sears, Roebuck & Co. — has its own performance problems that do not relate to Asia. But the others that are down at least 15 percent — Union Carbide Corp., International Paper Co. and Boeing Co. — are either highly sensitive to the economy or in danger of losing sales to Asian customers.

By contrast, according to Bloomberg Financial Markets, 55 percent of the stocks in the S&P 500 have risen over the period. That index has a lower proportion of stocks that have alarmed investors for one reason or another in recent months.

The sharp variance in performance also highlights the fact that no index by itself can provide an accurate measure of the entire market. In fact, the S&P is the standout performer in the past year, compared with almost any other index. The Russell 2000, an index of smaller stocks, for example, peaked in October

and is still 6.6 percent below its high.

In the nine months through the end of January — a period that began just before the first hint of Asian problems emerged, with Thailand declaring war on currency speculators it said were trying to drive down the value of the baht — the S&P 500 rose 22.3 percent, while the Dow industrials gained 12.8 percent. The S&P's outperformance in that period, by 9.5 percentage points, was the greatest over any similar period since 1980.

Peter Canelo, an investment strategist with Morgan Stanley, Dean Witter, said the Dow's period of underperformance might have ended with the latest renewal of optimism about an Asian recovery.

He said the period of strong S&P outperformance had coincided with a fall in prices of industrial materials, a measure of worldwide industrial activity. Those prices seem to be stabilizing and, in some cases, beginning to move up.

On the other hand, in an era of static oil prices, energy stocks make up about 8.4 percent of the S&P 500 now, a little less than the 9.6 percent weighting of the three companies in the Dow that have major oil interests: Chevron Corp., Exxon Corp. and DuPont Co.

When the S&P first rose above 1,000 Monday, the move also emphasized just how rapid its rise has been in recent years. The index doubled from the 500-point level in less than 35 months after taking nearly nine years to go from 250 to 500. An earlier doubling move, from 62.50 to 125, required almost two decades, from Feb. 23, 1961, to Aug. 14, 1980.

## CURRENCY &amp; INTEREST RATES

Cross Rates									
	1	2	3	4	5	6	7	8	9
American	1.0000	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300
British	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
French	0.1667	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222
German	0.6309	0.8571	0.8571	0.8571	0.8571	0.8571	0.8571	0.8571	0.8571
Italian	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Japanese	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Swiss	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Spanish	0.1667	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222	0.2222
Thai	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
U.S. Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other Dollar Values									
Canadian	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Swiss	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
U.S. Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Forward Rates									
30-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
90-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
180-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
360-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Libor-Libor Rates									
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Key Money Rates									
U.S. Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
U.S. Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Global Private Banking  
ORDINARY SERVICE MEETS  
CLIENT NEEDS. EXCEPTIONAL  
SERVICE ANTICIPATES THEM.

At Republic we take service very seriously. We not only respond to client orders, we aim to anticipate client needs... to prepare the way in advance. We do this mainly by building close and enduring relationships. In the process, we gain clear insight into our clients' financial goals and keep these constantly in mind as we look

after their interests.

Our advanced operating systems, too, are fully geared to this idea of exceptional service. They help us respond to investment opportunities with uncommon speed, and carry out client instructions to the letter. It is this forward-looking approach, together with a genuine sense of commitment toward our clients, that makes Republic a truly one-of-a-kind bank.



Headquarters of Republic National Bank of New York (Switzerland) S.A. in Geneva.



World Headquarters of Republic National Bank of New York in New York.



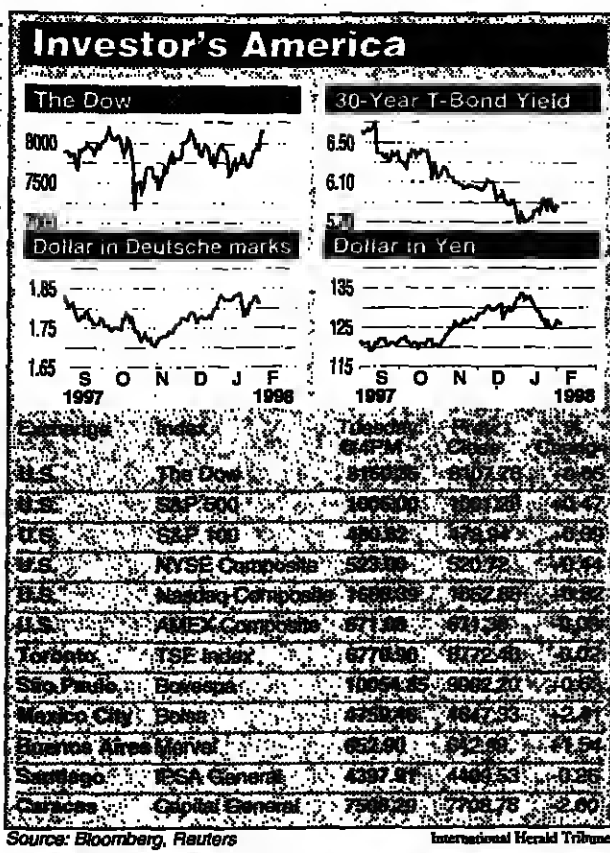
Republic National Bank of New York  
Strength. Security. Service.

A Swiss Bank • New York • Geneva • London • Beijing • Beirut • Beverly Hills • Buenos Aires • Cayman Islands • Copenhagen • Fribourg • Ginebra • Hong Kong • Jakarta • Los Angeles • Lugano • Luxembourg • Manila • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Montreal • Moscow • Nassau • Paris • Ponta Delgada • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich

© Republic National Bank of New York, 1998



## THE AMERICAS



## Microsoft Wins Legal Skirmish

### Law Professor's Role in Antitrust Case Is Put on Hold

By Rajiv Chandrasekaran and Elizabeth Corcoran  
Washington Post Service

WASHINGTON — A federal appeals court has ruled that a Harvard law professor appointed to study technical issues in the Justice Department's lawsuit against Microsoft Corp. must stop his work until a three-judge panel studies his role in the case more carefully.

The ruling, which hands a temporary victory to Microsoft, was issued Monday by the U.S. Court of Appeals for the District of Columbia. The software giant filed its latest legal brief seeking to dismiss the professor, Lawrence Lessig, on Friday.

Microsoft contended that Mr. Lessig has demonstrated a bias against Microsoft in electronic-mail messages he exchanged with executives at Netscape Communications Corp., a Microsoft rival. Microsoft also argued that the case should be examined by a federal judge, not a law professor.

In less encouraging news for Microsoft, however, attorneys general from 11 states said Monday they had sent subpoenas to the company requesting technical and marketing information about Windows 98, the next version of its computer operating system.

And the software industry's largest trade group plans to take the step of breaking ranks with Microsoft, its highest member, by issuing a set of guidelines on competition that effectively condemns some of the software giant's business practices and supports the government's antitrust case against the company.

Mr. Lessig, a technology expert, was appointed in December by Judge Thomas Penfield Jackson of U.S. District Court to be a "special master" in the antitrust case, in which the government contends that Microsoft is violating a 1995 consent decree by unfairly tying its Internet browser to its Windows 95 operating system software.

Judge Jackson asked Mr. Lessig to study technical issues in the case and prepare a report for the court by May.

In the interim, Judge Jackson issued a preliminary injunction ordering the company to provide a version of Windows 95 without a browser. Last month, in a temporary settlement, the company agreed to let personal computer makers block access to the browser in the current version of Windows 95 while it appeals Judge Jackson's decision.

The court will hear arguments in the case April 21, when Microsoft will ask that the matter be thrown out of court. Barring that, it will ask that Mr. Lessig be removed and the preliminary injunction be lifted.

"We're very gratified by this decision," said a Microsoft spokesman, Mark Murray. "We felt that given the importance of this case, it should be heard by a federal judge, not by a private citizen."

The appeals court did not indicate why it decided to put Mr. Lessig's examination on hold, which will remain in effect until at least April 21.

Mr. Lessig has denied any bias against Microsoft, saying he did "not have any personal bias or prejudice concerning either of the parties to this case."

While the Justice Department's case against Microsoft focuses on Windows 95, the state attorneys general are looking at its successor. Microsoft has said it plans to release Windows 98 in the second quarter. The states involved in the investigation are New York, Connecticut, California, Florida, Illinois, Iowa, Massachusetts, Minnesota, South Carolina, Texas and Wisconsin.

Meanwhile, the Software Publishers Association is set to release a set of "competition principles" for the industry that advocates that makers of "dominant" computer operating system software should not use their market power to limit distribution of products or limit access to material on the Internet.

## Signs of Stimulus by Japan Slow Dollar

Bloomberg News

NEW YORK — The dollar fell against the yen and other major currencies Tuesday on expectations that Japan may take new steps to revive its economy and amid signs the worst of Asia's financial meltdown may be ending.

Finance Minister Hikaru Matsunaga indicated that he supported new stimulus proposals by the governing Liberal Democratic Party.

Southeast Asian currencies rallied, meanwhile, easing concern that slowing economies there will hurt Japan's recovery.

In 4 P.M. trading the dollar slipped to 125.90 yen from 126.52 yen on Monday.

"With Asia doing fairly well, things are starting to stabilize and that's good for the yen," said Ken Nixon, a currency salesman at

Svenska Handelsbanken. "And it looks like the pressure on Matsunaga to change things in the economy is waning."

Along with the new signs of stability in Asia, easing U.S.-Iraqi tensions lessened the dollar's appeal as a haven.

The dollar fell to 1.8110 Deutsche marks from 1.8174 DM. It also slipped to 1.4645 Swiss francs from 1.4759 francs and to 6.0705 French francs from 6.0906 francs. The pound rose to \$1.6467 from \$1.6393.

The Japanese supplementary budget for the year through March — expected to be approved Wednesday by the upper house of Parliament — will clear the way for a 4.64 trillion yen (\$3.65 billion) bundle of tax cuts

and spending measures.

Mr. Matsunaga indicated Tuesday that he would consider a proposal by Hiromu Nonaka, the acting secretary-general of the Liberal Democrats, for a 6 trillion yen spending package.

The U.S. currency will be "under pressure," said Paul Meggyst, senior currency strategist at Deutsche Morgan Grenfell, until Tokyo announces whether or not it will further stimulate the economy.

The mark shrugged off slumping German retail sales and comments by a government official that analysts read as further indications that German interest rates would not head higher.

Some investors were lured to marks by a report that showed an unexpected decline in U.S. manufacturing activity in January.

## Technology Provides Momentum to Stocks

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Tuesday, led by bank and semiconductor shares on expectations that corporate profits will weather Asia's slumping currencies and slowing economies.

The Dow Jones industrial average closed 52.57 points higher, to 8,160.35. The barometer of 30 big companies advanced 201 points Monday to register its first finish above 8,000 since Dec. 9.

The Standard & Poor's 500 index, which closed above 1,000 Monday for the first time, added 4.73 points to 1,006.00.

Several broad-market indicators surrendered some of Monday's gains, but the Nasdaq composite index recovered as bellwether technology issues extended their recent rally. The Nasdaq index, packed with computer-related shares, rose 13.48 points to 1,666.37, led by Intel and other semiconductor stocks.

Intel finished up 3/4 to 86 5/16. Motorola rose 2 1/4 to 64 1/4, and Texas Instruments climbed 2 7/16 to 57 1/16.

Technology stocks are continuing a rally that began Jan. 9 as countries such as South Korea, Indonesia and Thailand started to take concrete steps to overhaul their banking systems, increasing bank supervision and disclosure, among other steps.

U.S. bond prices rose after a report showed that sales of new homes fell more than expected in December, reinforcing expectations for slower economic growth and subdued inflation.

"We don't see inflation rearing its head," said Mark Anderson, a manager at Renaissance Investment Management in Cincinnati. "We've gotten quite bullish on the bond market."

Investors are also optimistic that the Federal Reserve Board will hold interest rates steady at a two-day policy meeting that began Tuesday.

The benchmark 30-year Treasury bond rose 6/32 to 103 1/32, taking the yield to 5.86 percent, down from 5.87 percent Monday.

The Commerce Department reported that sales of new single-family homes tumbled 9.7 percent in December, the sharpest monthly drop in more than two years.

The retreat came after a November gain that was the highest in 11 years and still left sales for 1997 at a 19-year high of 800,000.

Some corporate earnings also gave the market a lift.

"We've gotten through a large number of corporate earnings, and by and large they're coming in pretty reasonably," said Eric Wiegand of Capital Management Group in Philadelphia.

Whirlpool rose 2 1/16 to 60 1/4 after the appliance maker said earnings in the three months ended Dec. 31 were \$92 million, up from \$45 million in the like period of 1996. Sales rose 18 percent, to \$2.51 billion.

Mattel rose after it said fourth-quarter earnings rose 83 percent, to \$195.1 million, on higher sales of its Barbie dolls and Walt Disney toys. (Bloomberg, AP)

## Newbridge Shares Skid as Firm Issues A Profit Warning

Bloomberg News

OTTAWA — Newbridge Networks Corp.'s stock fell nearly 23 percent Tuesday after the company said its third-quarter profit would not meet analysts' expectations, mostly because of a sharp drop in sales of phone equipment, which account for a third of its revenue.

Newbridge stock tumbled 8.60 Canadian dollars (\$3.92) to 28.90 dollars in late Toronto trading.

The profit warning was Newbridge's first admission that companies such as Cisco Systems Inc. and Tellabs Inc. were winning business away from the phone companies and corporate customers that had powered Newbridge's sales growth.

"They missed my revenue expectations by almost 100 million dollars," said Richard Woo, an analyst with Thomson Kemnath & Co. in Montreal.

Newbridge's stock has dropped 69 percent since touching a record of 95 dollars a share Oct. 7.

The company's profit is expected to be 7 U.S. cents a share in the quarter that ended Saturday, compared with an average forecast of 25 cents a share by 19 analysts polled by IBES International Inc.

Revenue will be 360 million dollars, compared with 432.2 million dollars in the second quarter and 333.3 million dollars a year earlier.

Newbridge said the revenue shortfall had stemmed mostly from a "significant" drop in sales of its time division multiplexer equipment, which is used by phone companies to move large amounts of data across networks.

## GM and Amoco Research New Fuel

Bloomberg News

DETROIT — General Motors Corp. and Amoco Corp. said Tuesday they would develop a diesel fuel that could be used in alternative-power vehicles being considered by GM to reduce pollution and increase fuel efficiency.

The fuel could be used in a GM car that would be powered by a turbocharged diesel engine and nickel-metal-hybrid batteries. The vehicle is said to be cleaner, more fuel-efficient and quicker than some gas-powered sports cars.

GM has no immediate plans to produce the car, which is one of a family of low-pollution, fuel-efficient vehicles GM has said it could produce beginning around 2001.

## AMEX

**Tuesday's 4 P.M. Close**  
The 300 most traded stocks of the day, up or down on the Wall Street, The Associated Press.

Stock	Sales	High	Low	Open	Close
IBM	1,145,145	145.12	144.87	145.00	144.87
Microsoft	1,145,145	145.12	144.87	145.00	144.87
Oracle	1,145,145	145.12	144.87	145.00	144.87
Intel	1,145,145	145.12	144.87	145.00	144.87
Motorola	1,145,145	145.12	144.87	145.00	144.87
IBM	1,145,145	145.12	144.87	145.00	144.87
Microsoft	1,145,145	145.12	144.87	145.00	144.87
Oracle	1,145,145	145.12	144.87	145.00	144.87
Intel	1,145,145	145.12	144.87	145.00	144.87
Motorola	1,145,145	145.12	144.87	145.00	144.87

## U. S. STOCK MARKET DIARY

**Indexes**  
Dow Jones: 8,160.35 (+52.57)  
S&P 500: 1,006.00 (+4.73)  
NASDAQ: 1,666.37 (+13.48)  
AMEX: 1,006.00 (+4.73)

Index	High	Low	Open	Close
Dow Jones	8,160.35	8,160.35	8,160.35	8,160.35
S&P 500	1,006.00	1,006.00	1,006.00	1,006.00
NASDAQ	1,666.37	1,666.37	1,666.37	1,666.37
AMEX	1,006.00	1,006.00	1,006.00	1,006.00

## INTERNATIONAL FUTURES

**Grains**  
Wheat (CBOT): 1.2500 (+0.0025)  
Corn (CBOT): 1.2500 (+0.0025)  
Soybean (CBOT): 1.2500 (+0.0025)

Commodity	High	Low	Open	Close
Wheat	1.2500	1.2500	1.2500	1.2500
Corn	1.2500	1.2500	1.2500	1.2500
Soybean	1.2500	1.2500	1.2500	1.2500

## COMMODITY INDEXES

**Oil**  
Crude oil (WTI): 28.90 (+0.10)  
Heating oil (NYMEX): 28.90 (+0.10)  
Natural gas (NYMEX): 28.90 (+0.10)

Commodity	High	Low	Open	Close
Crude oil	28.90	28.90	28.90	28.90
Heating oil	28.90	28.90	28.90	28.90
Natural gas	28.90	28.90	28.90	28.90

## STOCK INDEXES

**SP 500 INDEX**  
1,006.00 (+4.73)  
**Dow Jones**  
8,160.35 (+52.57)  
**NASDAQ**  
1,666.37 (+13.48)

Index	High	Low	Open	Close
SP 500	1,006.00	1,006.00	1,006.00	1,006.00
Dow Jones	8,160.35	8,160.35	8,160.35	8,160.35
NASDAQ	1,666.37	1,666.37	1,666.37	1,666.37



## EUROPE

## PacifiCorp Lifts Bid for Energy Group to £5.3 Billion

Compiled by Our Staff From Dispatches

LONDON — PacifiCorp increased its offer for Energy Group PLC on Tuesday, agreeing to pay £5.3 billion (\$8.69 billion) in cash and assumed debt to ward off potential bidders from two other suitors.

The company, which is based in Portland, Oregon, offered 765 pence a share, 10.9 percent more than the 690 pence it bid in June. That bid was when the government ordered a full monopoly investigation.

Trade Secretary Margaret Beckett of Britain ruled in December that PacifiCorp could bid again for Energy Group, whose assets include the top U.S. coal producer, Peabody

Holding Co., as well as Britain's largest electric utility, Eastern Group, which has 3.1 million customers northeast of London.

Energy Group is also covered by two other potential bidders: the Japanese investment bank Nomura Corp. and Texas Utilities Co., another U.S. holding company. Both said they were considering whether to try to outbid PacifiCorp.

Energy Group's share price rose 12 pence to close at 776, indicating that investors expect a higher bid to emerge.

"The market is clearly expecting another bid," said Fraser McLaren, analyst at Greig Middleton & Co.

If the PacifiCorp bid is successful, Energy Group will become the eighth British power company sold to U.S. companies since 1995. The U.S. utilities have been drawn by the prospect of learning about a less regulated market as the U.S. market begins to deregulate.

"It looks like a full price, but we will have to wait for the other two bidders to declare their hand," said Mr. McLaren.

PacifiCorp, which said its offer had been approved by both companies involved, appears unlikely to run into further regulatory hurdles. PacifiCorp's chief executive, Fred

Buckman, said, "We have had a handshake with Federal Trade Commission staff," apparently indicating that its earlier offer will be approved in the next few days.

He said the combination of the two companies would enhance earnings in the first year.

A takeover of Energy Group would create a company with 5 million energy customers on three continents, 17,000 megawatts of generating capacity and 10 billion tons of proven and provable coal reserves, PacifiCorp said.

PacifiCorp, which is being advised by Goldman, Sachs & Co., said it would ask Derek Bonham,

chairman of Energy Group, and John Devany, its chief executive, to join its board. Energy Group's advisers are Morgan Stanley, Dean Witter, Discover & Co. and Lazard Brothers & Co.

PacifiCorp plans to pay £1.2 billion in cash and to raise the remainder of the price through debt agreements with Goldman, Sachs, J.P. Morgan & Co. and Citicorp.

Between half and two-thirds of that debt will be converted into bonds later, Mr. Buckman said, adding that the company planned to raise capital, "perhaps in 1998," to enhance its credit quality. (Bloomberg, Reuters, AP)

## Airbus Industrie Lands \$2.6 Billion Order From Iberia

By John Tagliabue  
New York Times Service

ROME — Airbus Industrie won a major contract Tuesday, as Iberia Air Lines of Spain announced it had ordered 50 of the European consortium's single-aisle planes, valued at \$2.6 billion, with options to acquire 26 more.

If Iberia follows through on the options, the entire package will have a value of about \$4 billion and will be the largest sale by Airbus to any European airline, and the third-largest in the 28-year history of the group.

The orders give a strong boost to Airbus, which has slipped away at the market share of its rival, Boeing Co., since introducing the A320 family of short- and medium-range planes about a decade ago.

As a consolation for Boeing, Iberia said it was going ahead with an order originally placed in 1990 for eight medium-range Boeing 757 planes with a total value of about \$400 million.

The Airbus purchases are part of Iberia's effort to renew its fleet after winning approval of \$845 million in government aid to restructure the airline.

Iberia last week reported a 1997 pretax profit of 18.44 billion pesetas (\$120 million), more than six times the amount it earned the year before. The 1996 profit was its first after six consecutive years of losses.

The Airbus consortium groups Aerospace of France and Daimler-Benz Aerospace of Germany, each with 37.9 percent, British Aerospace with 20 percent and CASA of Spain with 4.2 percent.

## U.K. Lottery Chief Is Summoned

Government Pressure Mounts on Regulator in Wake of Libel Ruling

Compiled by Our Staff From Dispatches

LONDON — Britain's National Lottery regulator, under mounting pressure to resign after a damaging libel case, was summoned to meet with a government minister Tuesday to "discuss how he will take things forward."

The regulator, Peter Davis, was called in by Culture Secretary Chris Smith. The meeting comes a day after the head of GTECH Corp., part of the Camelot consortium that runs the British lottery, was ordered to pay £100,000 (\$164,000) as compensation to Richard Branson, chairman of the Virgin group.

Mr. Branson had accused the GTECH executive, Guy Snowden, of trying to bribe him to pull out of the race to win the U.K. National Lottery license in 1994. Camelot, a group 22.5 percent owned by GTECH,

went on to win the seven-year license after Mr. Branson's out-of-court bid was rejected by the government.

Mr. Snowden sued Mr. Branson for libel, and Mr. Branson countered with the allegation that he made up the story, winning his case after a three-week trial. Mr. Branson then called for Mr. Davis to resign. The High Court had heard evidence that Mr. Davis knew about the bribe attempt but did not block Camelot's bid to run the lottery.

A spokesman for Tony Blair said the prime minister was concerned about how the hugely popular lottery was perceived after the libel case. "Tony Blair shares the concerns expressed by Chris Smith about the impression given of the lottery during the Branson case," the spokesman said. "The strong credibility of the lottery is important." (AP, Reuters, Bloomberg)

## Argos Rejects Bid Of £1.6 Billion by Great Universal

Compiled by Our Staff From Dispatches

LONDON — The British catalogue retailer Argos PLC rejected on Tuesday a £1.6 billion (\$2.62 billion) hostile takeover bid from the home-shopping group Great Universal Stores PLC.

Argos, once a member of Britain's premier league of retailers, said that the offer of 570 pence per share failed to recognize the strategic value and future prospects of the company.

"The board of Argos has formally met and the directors are unanimous in their rejection of the offer," the company said.

A combination of Argos and Great Universal would create a retail group with strong market presence and with capitalization of about £9.5 billion.

The hostile bid catapulted Argos's share price by 187 pence, or 42 percent, to 630 pence. General Universal's share price closed 29 pence at 762 pence.

Lord Wolfson of Sunningdale, chairman of Great Universal, said Argos had agreed with the logic behind a merger but had not approved the price offered.

"When we talked about price, there was a very wide gap," he said.

Some analysts described the bid as "pretty generous" but expected Argos to hold out for a higher bid.

When asked whether Great Universal would increase the offer, Lord Wolfson said "I can't say we are going to bid more and I can't say we are not going to bid more."

Analysts said the bid reflected a strategy by Lord Wolfson to build a dynamic retailer from a company that previously was a lackluster mail-order concern. (Reuters, Bloomberg, AP)

## Costs Crimp BSkyB Pretax Profit

Compiled by Our Staff From Dispatches

LONDON — British Sky Broadcasting Group PLC said Tuesday that rising costs and a slowdown in new subscriptions cramped its first-half profit growth but that it was on track to start a digital television service in June.

BSkyB, whose largest shareholder is Rupert Murdoch's News Corp., posted pretax profit of £128.6 million (\$210.8 million) in its first half, which ended Dec. 31, down 5.1 percent from a year ago. Sales rose 20 percent, to £691.8 million.

The company said profit had declined because of increased costs in sports programming, marketing, joint venture losses and preparations for the digital service.

Net subscriber growth in the half year fell to 349,000 from 581,000 a year ago and growth in the second half might continue to slow, the company said.

But investors were cheered by the news that the digital service was on track, and BSkyB shares finished up 15 pence at 361 pence.

Digital television offers enhanced picture quality, more channels and scope for on-line services such as home shopping and home banking.

BSkyB said it was "in the course of negotiating with the majority of the major Hollywood film studios to secure the necessary rights for digital terrestrial, multiplexing and pay per view." (Reuters, Bloomberg, AFP)

## Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
4000	5200	3100
4100	5300	3200
4200	5400	3300
4300	5500	3400
4400	5600	3500
4500	5700	3600
4600	5800	3700
4700	5900	3800
4800	6000	3900
4900	6100	4000
5000	6200	4100
5100	6300	4200
5200	6400	4300
5300	6500	4400
5400	6600	4500
5500	6700	4600
5600	6800	4700
5700	6900	4800
5800	7000	4900
5900	7100	5000
6000	7200	5100
6100	7300	5200
6200	7400	5300
6300	7500	5400
6400	7600	5500
6500	7700	5600
6600	7800	5700
6700	7900	5800
6800	8000	5900
6900	8100	6000
7000	8200	6100
7100	8300	6200
7200	8400	6300
7300	8500	6400
7400	8600	6500
7500	8700	6600
7600	8800	6700
7700	8900	6800
7800	9000	6900
7900	9100	7000
8000	9200	7100
8100	9300	7200
8200	9400	7300
8300	9500	7400
8400	9600	7500
8500	9700	7600
8600	9800	7700
8700	9900	7800
8800	10000	7900
8900	10100	8000
9000	10200	8100
9100	10300	8200
9200	10400	8300
9300	10500	8400
9400	10600	8500
9500	10700	8600
9600	10800	8700
9700	10900	8800
9800	11000	8900
9900	11100	9000
10000	11200	9100
10100	11300	9200
10200	11400	9300
10300	11500	9400
10400	11600	9500
10500	11700	9600
10600	11800	9700
10700	11900	9800
10800	12000	9900
10900	12100	10000
11000	12200	10100
11100	12300	10200
11200	12400	10300
11300	12500	10400
11400	12600	10500
11500	12700	10600
11600	12800	10700
11700	12900	10800
11800	13000	10900
11900	13100	11000
12000	13200	11100
12100	13300	11200
12200	13400	11300
12300	13500	11400
12400	13600	11500
12500	13700	11600
12600	13800	11700
12700	13900	11800
12800	14000	11900
12900	14100	12000
13000	14200	12100
13100	14300	12200
13200	14400	12300
13300	14500	12400
13400	14600	12500
13500	14700	12600
13600	14800	12700
13700	14900	12800
13800	15000	12900
13900	15100	13000
14000	15200	13100
14100	15300	13200
14200	15400	13300
14300	15500	13400
14400	15600	13500
14500	15700	13600
14600	15800	13700
14700	15900	13800
14800	16000	13900
14900	16100	14000
15000	16200	14100
15100	16300	14200
15200	16400	14300
15300	16500	14400
15400	16600	14500
15500	16700	14600
15600	16800	14700
15700	16900	14800
15800	17000	14900
15900	17100	15000
16000	17200	15100
16100	17300	15200
16200	17400	15300
16300	17500	15400
16400	17600	15500
16500	17700	15600
16600	17800	15700
16700	17900	15800
16800	18000	15900
16900	18100	16000
17000	18200	16100
17100	18300	16200
17200	18400	16300
17300	18500	16400
17400	18600	16500
17500	18700	16600
17600	18800	16700
17700	18900	16800
17800	19000	16900
17900	19100	17000
18000	19200	17100
18100	19300	17200
18200	19400	17300
18300	19500	17400
18400	19600	17500
18500	19700	17600
18600	19800	17700
18700	19900	17800
18800	20000	17900
18900	20100	18000
19000	20200	18100
19100	20300	18200
19200	20400	18300
19300	20500	18400
19400	20600	18500
19500	20700	18600
19600	20800	18700
19700	20900	18800
19800	21000	18900
19900	21100	19000
20000	21200	19100
20100	21300	19200
20200	21400	19300
20300	21500	19400
20400	21600	19500
20500	21700	19600
20600	21800	19700
20700	21900	19800
20800	22000	19900
20900	22100	20000
21000	22200	20100
21100	22300	20200
21200	22400	20300
21300	22500	20400
21400	22600	20500
21500	22700	20600
21600	22800	20700
21700	22900	20800
21800	23000	20900
21900	23100	21000
22000	23200	21100
22100	23300	21200
22200	23400	21300
22300	23500	21400
22400	23600	21500
22500	23700	21600
22600	23800	21700
22700	23900	21800
22800	24000	21900
22900	24100	22000
23000	24200	22100
23100	24300	22200
23200	24400	22300
23300	24500	22400
23400	24600	22500
23500	24700	22600
23600	24800	22700
23700	24900	22800
23800	25000	22900
23900	25100	23000
24000	25200	23100
24100	25300	23200
24200	25400	23300
24300	25500	23400
24400	25600	23500
24500	25700	23600
24600	25800	23700
24700	25900	23800
24800	26000	23900
24900	26100	24000
25000	26200	24100
25100	26300	24200
25200	26400	24300
25300	26500	24400
25400	26600	24500
25500	26700	24600
25600	26800	24700
25700	26900	24800
25800	27000	24900
25900	27100	25000
26000	27200	25100
26100	27300	25200
26200	27400	25300
26300	27500	25400
26400	27600	25500
26500	27700	25600
26600	27800	25700
26700	27900	25800
26800	28000	25900
26900	28100	



**Tuesday 3-4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press.*

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

**Tuesday's 4 P.M. Close**  
(Continued)

[illegible]

Boyer & Gamble, Inc.

**OCALS: International**



## ASIA/PACIFIC

## Mitsubishi Warns of Big Loss Over Chips

Compiled by Our Staff From Dispatches

TOKYO — Mitsubishi Electric Corp. said Tuesday that it would post a loss for the year through March seven times larger than it forecast just two months ago.

The company blamed falling prices for computer-memory chips and shipping sales of such consumer electronics as portable phones and air conditioners.

Mitsubishi Electric expects to post a group net loss of 70 billion yen (\$552.9 million), against a profit of 25.8 billion yen the previous year.

It is the biggest drop for any of Japan's five largest makers of computer microchips. South Korean makers have flooded the market for the chips in the last two years.

"Losses in our semiconductor business are the single biggest reason for the profit revision," said Michiyasu Hirahara, a managing director in Mitsubishi Electric's corporate accounting department, but he said there were losses also in the consumer electronics, personal computer and telecommunications equipment businesses.

Heading toward the first group loss in its history, Mitsubishi Electric said group sales would be 3.8 trillion yen, as opposed to the 4 trillion yen it forecast in November.

Mr. Hirahara said the company was expected to either cut the final dividend or not pay one at all.

"We are not sure if the year to March 1999 will return to the black," he added.

"We are considering cutting microchip output," Mr. Hirahara said without elaborating, adding, "We have a higher exposure to the microchip memory business compared with other companies." (Bloomberg, AFX)



Hubert Neiss found a bit of "healthy euphoria" in Seoul.

## IMF Gets Beyond 'Fire-Fighting'

Fund Official, in Seoul, Says Interest Rates Can't Be Slashed

## Q&amp;A: Hubert Neiss

Q. How do you now feel about the negotiations?

A. There are no major areas of controversy. Today we found a solution. The direction of interest rates coming down is already there, but it's not yet time for a major dropping of interest rates. That we have to be sure of, and that's agreed.

Q. What's the danger in bringing interest rates down further?

A. Premature cuts in interest rates will only risk a return to exchange-rate instability, which would also hurt banks and enterprises. A balance has to be struck very carefully between the damage to enterprises of continued high interest rates and the damage of renewed exchange-rate instability.

Nobody likes high interest rates, but in a time of crisis we cannot do without them.

Q. The finance minister, before you arrived Sunday, called for reduced interest rates. In interviews with the Korean media, did his remarks surprise or embarrass you?

A. That's just part of the game. I'm not embarrassed. The same seems to be happening in Thailand. I go to Thailand from here this week-end.

Our team is starting there. On the arrival of the team, the papers were full of demands for softening, changing IMF conditions.

Q. There is a popular perception in some quarters here that the IMF is to blame for holding South Korea's economy in check in exchange for the bailout program. How do you respond to that criticism?

A. Let's keep in mind that we have high interest rates not because of the IMF but because of a foreign-exchange crisis that must be overcome as quickly as possible so that the economy can start recovering.

Q. How can Korea force interest rates to stay up if financial institutions want to lower them and companies have to borrow to stay afloat?

A. The short-term rate is influ-

enced by monetary policy. The Bank of Korea can influence the market. The central bank can buy and sell securities. Here they are called monetary stabilization bonds. Therefore it's a market participant. It sells and buys in the open market, thereby influencing market conditions.

Q. You also are insisting on restructuring. How can you persuade the largest chaebol, or conglomerates, to sell off major companies that they want to keep no matter how much they talk about restructuring themselves?

A. It doesn't necessarily mean they have to get rid of everything, but some rationalization and downsizing is desirable, as we have seen in the United States and Europe.

In the end, they have to meet the needs of the marketplace to survive.

Q. What about the labor problem?

A. Negotiations with unions are not yet through. Eventually they must find a reasonable solution. I don't think it's in the interest of the unions to break with the government. The solution will be that the unions accept some measures of labor-market flexibility and that the government accepts greater responsibility for providing for the unemployed and for putting them back to work as soon as possible through job retraining.

Q. Where's the money coming from?

A. The money comes by cutting other nonpriority expenditures and by allowing for a modest deficit. The IMF is very flexible when it comes to fiscal policy at a time of declining growth.

Q. You have been visiting Korea since the 1980s. How do you find the Koreans in negotiations?

A. The Koreans are very strong and determined. They are also quite firm. If they say something, they stick to it. When I have an agreement with the Koreans, I have no suspicions.

## Failed Japanese Bank Raided

Compiled by Our Staff From Dispatches

TOKYO — Prosecutors raided the Sapporo headquarters of Hokkaido Takushoku Bank Ltd. on Tuesday in search of evidence of bribes allegedly offered to Finance Ministry officials, a spokesman for the failed bank said.

Two Finance Ministry officials were arrested last week on suspicion of having accepted lavish entertainment and favors from Hokkaido Takushoku and three other banks, Dai-ichi Kangyo Bank Ltd., Sanwa Bank Ltd. and Asahi Bank Ltd., in exchange for inside information on bank inspections by the ministry.

Hokkaido Takushoku's headquarters are on Japan's northern island of Hokkaido. Prosecutors searched the bank's Tokyo office last week, along with the headquarters of Sanwa Bank Ltd. and two other banks suspected of seeking to influence Finance Ministry officials.

Hokkaido Takushoku failed Nov. 17 under a mountain of nonperforming loans. It said it would transfer its operations to North Pacific Bank Ltd., a regional bank.

In Parliament, Naotaka Saeki, president of Sanwa Bank, apologized for its suspected role. Kyodo News reported. (Reuters, AP)

## Procter &amp; Gamble Says 'Limit' May Be Near for Embattled Vietnam Unit

Compiled by Our Staff From Dispatches

HANOI — Procter & Gamble Co. executives said Tuesday they were hoping for a last-minute resolution that would save its Vietnam unit from bankruptcy before a crucial board meeting Saturday.

But there was no sign from the company, its bankers, U.S. executives or the company's local partner that a positive outcome to Vietnam's latest major foreign-investor debate was in sight.

"There is a limit to how long you can go on," Alan Hed, the company's top executive in Vietnam, said. "All I can say is that it's an important meeting."

Procter & Gamble Vietnam's problems surfaced in October, when the country's

state-controlled press revealed a \$28 million loss during the venture's first two and a half years of operations.

The reports also questioned the reasons for a Procter & Gamble proposal that the partners inject further capital or allow the venture to become 100 percent foreign-owned.

The problems deepened last month when the State Bank of Vietnam, the country's central bank, citing concerns over the ability of the venture to pay its debts, advised commercial banks to stop lending to it.

That move left P&G Vietnam without funds to pay its 400 staff or buy manufacturing supplies.

Company sources said Tuesday that a preliminary

agenda for the Saturday meeting, to be held in Singapore, included discussion of the status of the company's buy-out proposal, the status of bank lines of credit and arrangements for bankruptcy and liquidation.

Also on the agenda is the question of how to address media interest in the case, which follows a two-year collapse of investor sentiment in Vietnam, domestic press allegations that P&G is bullying its Vietnamese partner and investor questions about Hanoi's impartiality in handling joint-venture disputes.

"This is not positive," said an American executive in Hanoi, who asked not to be identified. "The death of an enterprise is not a pretty

thing, especially when you've got a company with no shortage of capital or willingness to invest."

But the case also has wider ramifications.

A letter sent from Pete Peterson, the U.S. ambassador to Vietnam, to Prime Minister Phan Van Khai in late January warned that a negative outcome could affect U.S. economic relations with Vietnam.

"The failure of a company such as Procter & Gamble, with a reputation in Asia, would further accentuate the economic turmoil in Asia and would damage the reputation of both Procter & Gamble and the Socialist Republic of Vietnam," the letter said.

Mr. Peterson added in the

letter that work on improving economic relations, including efforts to remove impediments to a trade agreement, were a top priority for the

U.S. Embassy. But he said he was "concerned about the implications the bankruptcy of P&G Vietnam would have on this priority."

## RHÔNE-POULENC INFORMS ITS SHAREHOLDERS

## Rhône-Poulenc: 1997 results

"The objective for 200% growth in 1997 net earnings per share excluding non-recurring charges, has been met with a rise of 20.62%."

1997 was a very important year for Rhône-Poulenc: we consolidated our activities in the Life Sciences and paved the way for the creation of Rhodia with its business portfolio sharply focused on specialty chemicals. These operations led to a non-recurring charge of FF9.7 billion carried in 1997 accounts, which is reflected in a net loss for the year.

Enhancing the value of the Group remains our priority. We aim to achieve a return on equity of 13% by the year 2000.

To achieve this, the Group is counting on new products in the Life Sciences and on Rhodia's future development. We also intend to improve the earnings potential of our businesses. That is why new operations will be launched in 1998, which will result in additional non-recurring charges in the region of FF2 billion.

For 1998, we are maintaining our target of 20% growth in net earnings per share, excluding non-recurring charges.

Jean-René Fourtoun  
Chairman and Chief Executive Officer

## Consolidated results

Net sales: FF89,995 billion (+11.4%)  
Net loss: FF4,991 billion  
Net income excluding non-recurring charges: FF3,417 billion (+24.7%)

## Life Sciences

Consolidated net sales: FF52.6 billion (+11.7%)  
Earnings from operations: FF8.4 billion (+0.95%)

## Pharmaceuticals

Consolidated net sales: FF33.3 billion (+10.8%)  
Earnings from operations: FF5.3 billion (-7.9%)

The downturn in earnings for pharmaceuticals is primarily due to the Centeon situation and to the decline in sales of asthma products in the United States, as well as weaker demand on the French pharmaceuticals market.

Rhône-Poulenc,  
a worldwide leader  
in life sciences,  
and its  
specialty chemicals  
subsidiary,  
Rhodia,



contribute  
through innovation  
to enhancing  
human well-being  
from health  
and food to the  
quality and safety  
of products  
used in  
every day life.

In contrast, strong growth was recorded in new product sales, particularly in the United States: Laxane/Laxenox, the world's leading product for the prevention of deep vein thrombosis; Taxutene, the anti-cancer agent available in 55 countries; Rihutek, the only available treatment for AIDS (lamotrophilic lateral sclerosis or motor neuron disease); Nasacort, for allergies.

Strong sales growth in vaccines helped consolidate Pasteur Merieux Connaught's worldwide position, particularly in the United States (Imovax, an injectable polio vaccine and Triptad, pertussis, diphtheria, tetanus).

## Plant and Animal Health

Consolidated net sales: FF19.5 billion (+12.8%)  
Earnings from operations: FF3.1 billion (+20.5%)

Growth was fuelled by a generally buoyant market, the rapid increase in new product sales and the earnings posted by Meril. Frontline, an antiparasitic agent for animals, recorded sales up 150% in 1997.

Regent, the brand name of the new Fipronil-based insecticide, doubled its 1996 sales performance.

In animal nutrition, methionine and vitamins continued to improve their sales performance by 10%.

## Chemicals/Fibers and polymers

Consolidated net sales: FF37.5 billion (+10.6%)  
Earnings from operations: FF2.1 billion (+76%)

The increase is mainly due to enhanced sales in most businesses.

The refocusing process toward specialty chemicals continued. The Chemicals and the Fibers/polymers businesses were merged into a new company, Rhodia, on January 1, 1998.

A gross dividend per ordinary "A" share of FF5.62 (FF5.15 in 1996) will be recommended by the Board of Directors at the Annual General Meeting of Shareholders to be held on May 26, 1998.

Investor relations:  
+33 1 47 68 07 05  
Internet: www.rhone-poulenc

First quarter 1998 results: April 30, 1998



## BANKS: Impact of Crisis Hinges on Health of Japan's Lenders

Continued from Page 13

Japan's economy is twice as large as that of the rest of Asia put together, so many analysts say the question that will determine the future of the Asian crisis is simply: What will happen in Tokyo?

Japan's new finance minister, Hitaru Matsunaga, promised last week that he would do his utmost to prevent any of the nation's top 19 banks from collapsing. The money is there; Japan is the largest creditor nation in the world, with assets that make the IMF look like a pauper, so it is not risking the kind of liquidity crisis that felled South Korea.

With \$800 billion in bonds, direct investment and other securities abroad, the Japanese government is sitting on a comfortable cushion.

"It's a cushion that most Asian economies don't have, and it's the cause of a lot of Japan's problems," said Kathy Matsui, strategist at Goldman Sachs (Japan) Ltd. "They know that they have a

cushion and can engineer a soft landing."

Still, there are jitters in the market. Although it is unlikely to happen, the nightmare that still haunts bankers and executives around the world is the failure of a large Japanese bank that provokes a run on deposits. That run could even spread to otherwise healthy banks and might in turn prompt a sudden liquidity squeeze and paralyze these giants and eventually the global financial system.

The basic problem facing the Japanese banking system is bad debt, a mountain of it: a subsidiary problem is that no one has a precise idea of how big the mountain is. The banks report that they have \$560 billion in bad or questionable loans, and they hold acres of boarded-up lots and half-empty buildings that they cannot sell but took possession of when loans went sour.

Partly because of these bad debts, a few of Japan's major banks have credit ratings that are barely investment grade, and other banks are being reviewed for

possible downgrades. The bad debts have led to a series of incidents that could be called bank runs, except that the depositors lining up are so orderly that they do not seem very alarming.

The authorities are closing down credit associations and small lending institutions around the country, and the vaults at Bank of Japan, the nation's central bank, are swinging open as they never have before to provide cash for banks that anticipate withdrawals by depositors.

More important, the mountain of bad debts creates fears in the banking community that one of their number will fail while holding money belonging to other institutions. There is a fear, therefore, that commercial banks would suddenly perceive one bank to be at risk and pull back their funds from it.

In general, financial analysts and bankers say the system will hold but that a couple of the weakest banks may be shut down, merged or absorbed by other institutions in the next few months.

## LOCALS: International Bands Are Getting Competition in Europe

Continued from Page 13

formers like Aretha Franklin, the Rolling Stones and Phil Collins.

In Germany, the world's third-largest music market, after the United States and Japan, local performers account for 48 percent of 6 billion DM (\$3.3 billion) in sales, double the percentage of five years ago. In Spain, 58 percent of the total \$1 billion music sales are generated by Spanish and Latin American artists. In France, where state-imposed quotas require radio stations to play 40 percent French music, French groups account for nearly half of the country's total sales.

"For the first time in years, listeners in the U.K. and elsewhere are being drawn to a clearly identifiable French sound, whether it's in dance or techno styles," said Xavier Roy, Midem's president. "It's an indication that international stars are a bit stalled at the moment."

While the Spice Girls, U2, Michael Jackson, Celine Dion and other global

acts continue to draw loyal fans, the road to international acclaim requires far more blood, sweat and well-timed touring and radio airplay than before, record company officials say.

Of the top five U.S. albums ranked last year by the record industry magazine Billboard, only the pop group No Doubt scored significant overseas success, largely due to an exhausting schedule that included three concert tours in Europe, two in Asia and one in Latin America.

As difficult as it is becoming for American groups to break into foreign markets, artists in Germany, Spain and France are generally finding it easier to attract fans outside their home territories.

"With the far-reaching export of bands like Mr. President, Snap and other dance groups, Germany is on the verge of becoming a springboard for international hits," said Peter Zombik, managing director for the country's Federal Association for the Record Industry. The

boom in local German repertoire and exports derives almost exclusively from the craze for dance and techno hits, primed substantially by Viva and Viva 2, two music video channels that program upward of 40 percent German titles.

Spanish artists have considerably more luck creating crossover hits, with listeners in the United States buying some \$2 million worth of Spanish music. With 6 million albums sold worldwide, Los del Rio's ubiquitous "Macarena" accounted for the lion's share of Spanish musical exports.

French producers have been investing heavily in local artists, and this investment is now paying off in the growing quality and diversity of French music, according to Paul-René Albertini, the president of SNEP and chief executive of Sooy France. Yet despite the foreign successes of groups like Daft Punk, Patricia Kaas and Wes, "France remains well behind the times in the exploitation of musical exports," he said.



**INTERNATIONAL FUNDS**  
February 3, 1996

For information on how to list your fund, see Kathy Hout at (33-1) 41 43 92 12 or Email: [funds@iht.com](mailto:funds@iht.com)  
To receive free daily quotations for your funds by Email: [subscribe@funds@iht.com](mailto:subscribe@funds@iht.com)

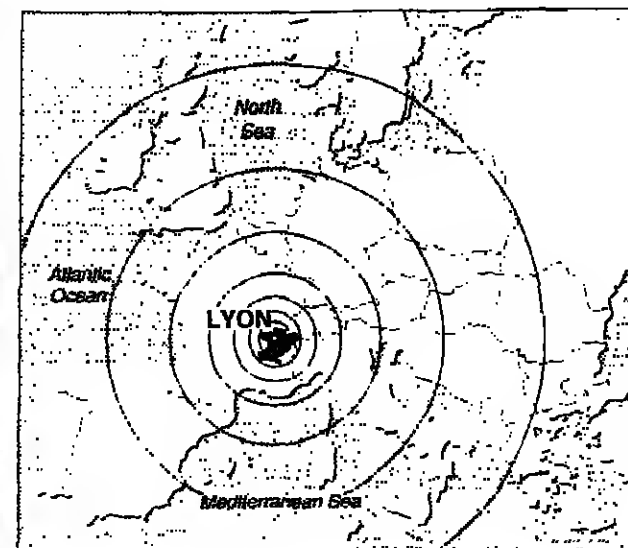
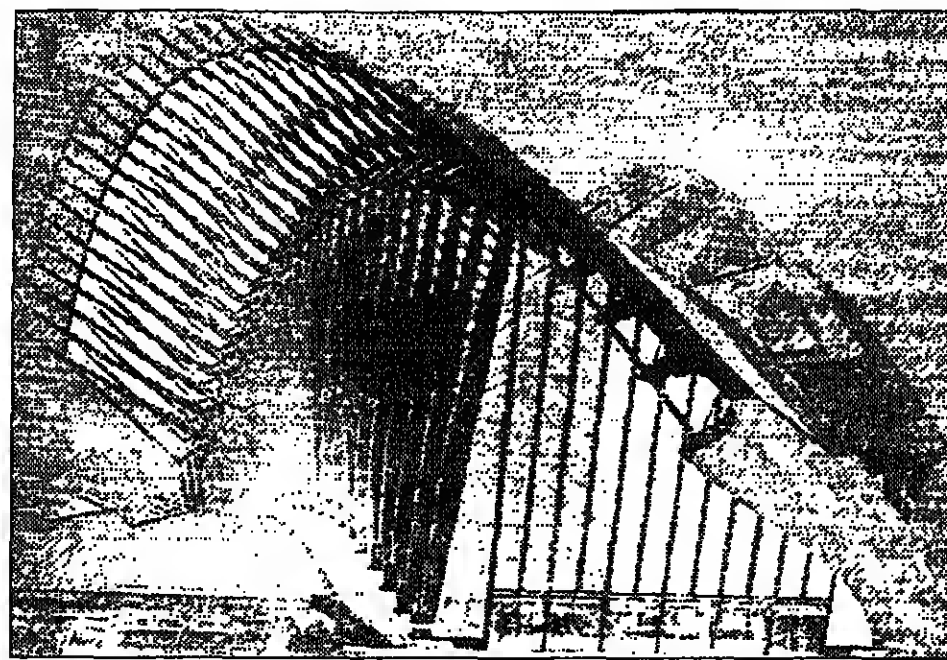
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------



# INVESTING IN EUROPEAN REAL ESTATE: LYON

There is more to France than Paris, as many international corporations and organizations are discovering. The country's other great cities offer many of the same advantages and fewer of the inconveniences. Lyon is home to major industrial powers and multinational corporations, which have set up shop in the city because of its strategic location, transport links and academic and industrial research facilities. At the moment, Lyon is a particularly attractive target for investment in commercial real estate and the building of a European business base.



## CITY DESIGNATES FIVE QUARTERS FOR DEVELOPMENT

Lyon 2010 plan will build on each area's strengths.

Greater Lyon has come up with an urban redevelopment scheme known as "Lyon 2010" that will help to integrate the city and its environs into a coherent agglomeration, enhancing the strong points of each of the five defined sectors, or "poles," and making the region an even more appealing location for business and industry.

The five poles are the center, the northeast, the east, the south, and the north and west.

The center is composed of the peninsula formed by the confluence of the Rhone and Saone Rivers and the neighborhoods on their banks. The center includes the historic heart of the city of Lyon, with its well-preserved Renaissance neighborhood, Saint-Jean. It also encompasses the ultramodern Part-Dieu complex, the principal business center of Lyon and of the region. Part-Dieu is home to a rail station that sends high-speed TGV trains off into the rest of France and Europe, the largest shopping center in Europe, and the headquarters of many public institutions and private businesses.

The northeast remains largely green, open space. Even the development of the Cité Internationale business and leisure complex at the entrance to the city has not detracted from this aspect of the area, as great attention has been paid to preserving and enhancing its natural beauty. This area will continue to grow in importance as more new office space is made available for rental and sale, and when a 200-room Hilton Hotel opens in 1999. With its Palais des Congrès, it is already the site of regular conventions and conferences.

To the east of Lyon is a wide plain with plenty of land that is ripe for development. This is the location of the Eurexpo exhibition center, the Bron and Satolas airports, and the interconnections of the French highway network, a strategic situation that makes it ideal for companies providing just-in-time deliveries. The Porte des Alpes area in the east has been identified in the 2010 plan as the logical next step for expansion as it is located on the edge of the urban zone. An ambitious redevelopment program is now under way that will integrate the nearby university with a new technology park, currently under construction, specializing in the environment.

The southwest is the industrial sector of Greater Lyon, with companies working in the areas of chemistry, mechanics, agribusiness, etc. The Gerland quarter on the left bank of the Rhone, the site of the Ecole Normale Supérieure, one of France's *grandes écoles*, is considered a science pole, an attractive location for high-technology businesses. Across the river, at the tip of the peninsula, a significant amount of land is available for development.

The residential areas to the north and west are home to the universities and research centers of Ecullly, where numerous high-tech businesses are located. A new subway station in the Vaise quarter of Lyon is bringing new economic life to the neighborhood.

The Lyon 2010 plan will help the authorities identify the strengths and needs of each of these poles so that they can better develop their assets and potential.

H.E.

## A UNIQUE PLATFORM FOR SUCCESS

Lyon has a long trading history, which continues today as businesses choose the city as a base.

When in Rome, do as the Romans do. And when in Lyon, do as the Romans did. They chose Lyon as their Gallic base because of its highly strategic location at the confluence of the Rhone and Saone Rivers, a position that not only had defensive advantages but was also conducive to trade.

Some 2,000 years later, the city has kept up with the times, and its strategic location is now more than ever a plus. Today, Lyon is at the center of France's sophisticated rail and highway networks, which continue to stretch their long arms deeper and deeper into Europe, making the city an important regional center with one-day transport links not only to much of the rest of France but also to neighboring countries.

This network of ground transportation is backed up by top-notch air connections, buttressed by the new Satolas airport/TGV station. Recently, an expansion of Satolas was announced, and Air France has decided to make Lyon-Satolas its second French hub after Charles de Gaulle Airport in Paris.

Good links to the rest of the Continent and the globe are vital in today's increasingly smaller world, but business begins at home, and in this area Lyon has a wealth of expertise and experience to offer.

### From silk to pharmaceuticals

Once again, history has served the city well: In the 15th century, civil wars at home drove Italian bankers, traders and silk makers to seek refuge in the city, bringing Lyon a strong financial base on which to build. The weaving of silk and other fabrics provided the foundation for the city's prosperity until World War I, when its fabric-manufacturing role declined. But all those centuries of toil at the looms were not for nothing. The technological and scientific know-how and advances that had served the fabric industry were applied to new industrial endeavors, and today Lyon is noted for its expertise in the fields of mechanics, textiles, chemicals, man-made fibers, para-chemistry, pharmaceuticals and biology.

One outgrowth of these traditional industries is a blossoming high-technology sector dealing with electrical equipment, organic chemistry, synthetic dyes, phytosanitary products and pharmaceuticals. Lyonnais industries export 28 percent of their production.

Lyon is home to major international industrial powers and multinational corporations like Rhône-Poulenc, Péchiney, Renault Véhicules Industriels and Danone, to mention just a few, but one of the city's great strengths is its network of dynamic small and medium-sized enterprises working in areas ranging from industry to high-technology and services. SMEs account for around 47 percent of employment.

The city's historical role as a trading center has not been neglected, either. Its location and transport links make it an

ideal logistical center for the transfer of goods from both the food and industrial sectors. The city is developing a growing exchange network with northern Italy (Milan and Turin), Switzerland (Geneva) and Germany (Italy and Germany are Lyon's primary trading partners, both in terms of imports and exports). The city also has good relations with Lombardy, Baden-Württemberg, Catalonia and the 21 partner regions of the Southern European Arc, which encompasses Spain, southern France and Northern Italy.

### Intellectual hotbed

In a vital but more intangible area, Lyon is a veritable hotbed of scientific and industrial research, with 450 laboratories employing 5,500 persons, research institutes including the prestigious National Center for Scientific Research and Institut Pasteur employing 7,000, and top universities with around 100,000 students. These centers of learning work hand-in-hand with industry to create exciting new developments in such areas as health, agriculture, agronomy, transportation, civil engineering and the environment.

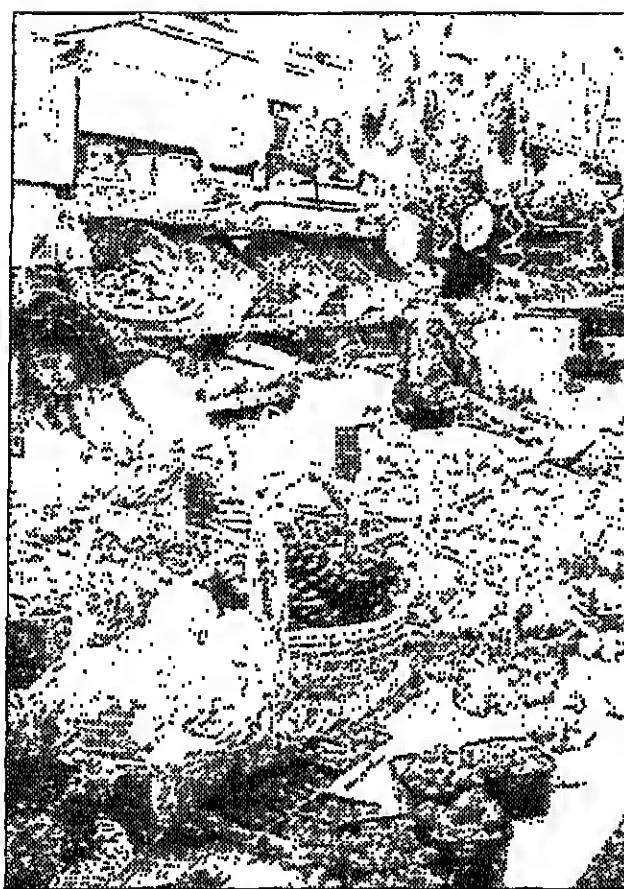
The devolution of power from Paris to the French provinces and the strengthening role of the European Union in decision-making mean that Lyon has become more autonomous and is moving out of the shadow of the once-overpowering French capital. As national concerns give way to regional ones, Lyon is taking its place as an important regional center serving Southern Europe. The city hosted the G7 meeting of world leaders in 1996, and on Nov. 9-12, it will be the site of the first meeting of the "Partners for Development" initiative of the UN Conference on Trade and Development. The other big event of 1998, the Soccer World Cup (beginning on June 10) is expected to bring 2.5 million spectators to the matches, several of which will be held in Lyon.

All of these positive attributes have attracted some 210 foreign companies with more than 50 employees each (for a total of 53,079 workers) to Greater Lyon.

### Where life is good

Located in the beautiful Rhône-Alpes region, with varied scenery ranging from the Alps to Provençal landscapes, Lyon also offers terrific sports and leisure activities (including the nearby Olympic ski resorts) and a reputation as the gastronomic capital of the world. Lyon, where cinema was invented more than a hundred years ago by the Lumière brothers, is also home to the Institut Lumière and hosts the prestigious Contemporary Art Biennial.

Life is good in Lyon, with its beautiful monuments and historic quarters, vibrant cultural life (world-class theater, opera, dance, museums, etc.), relatively low cost of living and relaxed pace of life. These were not negligible considerations



Slices of life in Lyon: the Renaissance quarter, the TGV station at Satolas airport, high-tech industry, the central food market.

for the companies that have chosen to set up shop in Lyon.

Companies looking for the ideal European base will find that this is the perfect time to take a close look at the city. The commercial real estate stock and attractive prices are there, along with all the advantages mentioned above.

In addition, ADERLY, the Lyon area's economic-development agency, is prepared to do everything possible to facilitate business set-ups in the city. In the past, it has gone so far as to ensure the establishment of an international school to meet the concerns of Interpol, one of the many organizations and companies that have chosen Lyon as a base. ADERLY provides assistance in correlating new projects with the local economy; choosing a location; dealing with administrative, technical and financial formalities; and helping employees and their families to settle in the area. ADERLY officials will be on hand at the MIPIM real estate conference on March 12-15 at Cannes's Palais des Congrès to answer your questions about commercial real estate in Greater Lyon.

Heidi Ellison

## STOCKS LOW AND DEMAND RISING FOR OFFICE SPACE

Renovation and development projects are under way to increase supply.

Lyon's market for office real estate places second in France in terms of level of demand, at more than 100,000 square meters (more than 1 million square feet) per year since 1990.

As the effects of the recession waned and the economy picked up in Lyon, the city's commercial real estate market returned to "normal" activity in 1996 after the roller-coaster ride of the speculative boom years between 1987 and 1991 and the downturn in the period from 1991 to 1995.

In fact, the city risks a shortage of available stock as demand rises.

Michel Forien, of the municipal administration of Greater Lyon, says that now is the time to invest in Lyon due to heavy pressure on the market for new office space. He estimates current stock at 30,000 square meters, far below the yearly sales and rentals total of 45,000 square meters in the Greater Lyon area.

According to Alain Schori, regional director of

realtors Auguste Thourard and president of FNAIM Entreprises, only one building, located in the Lyon-Part-Dieu business center, can currently offer space of more than 3,000 square meters in a

**With companies looking for large office spaces of 3,000 square meters or more, the area near the train station in the central business district looks ripe for investment**

new building, which is what large companies are looking for.

"This is the area investors should be looking at," says Mr. Schori. "The supply no longer corresponds to demand, and thousands of square meters of land are available to build on to the east of the train station in Part-Dieu."

To help remedy the situ-

ation, the city is looking to two development projects, Part-Dieu and Cité Internationale.

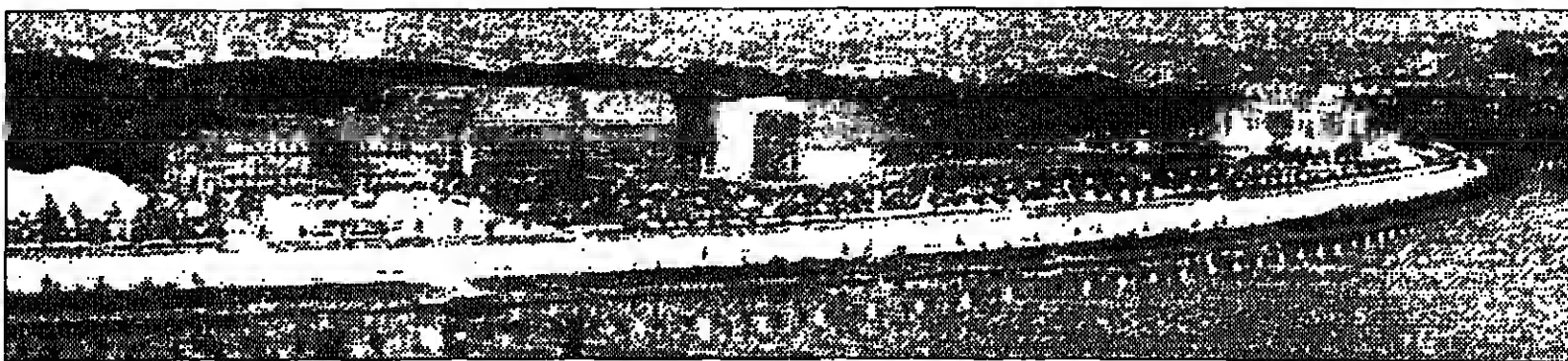
### Part-Dieu

The central Part-Dieu complex is an administrative and financial center that now represents 25 percent to 35 percent of the market, with 500,000 square meters devoted to service-industry activities and more than 20,000 jobs.

The complex is located next to the Part-Dieu rail station, which is served by high-speed TGV trains, allowing access to Paris, for example, in two hours.

Part-Dieu is currently undergoing a huge renovation project that will improve the public spaces, add parking lots and increase available space.

A prestigious nine-story building, currently under construction, will consist of 15,000 square meters of quality modern office space divisible into units of between 200 square meters and 600 square meters. It will be offered in three stages of 5,000 square meters each at a



Cité Internationale, between the Rhône River and the Parc de la Tête d'Or, was designed by the renowned architect Renzo Piano.

rental price of 890 francs (before taxes) per square meter per year or sold for 9,600 francs (before taxes) per square meter, for a potential rate of return of 9 percent.

### Cité Internationale

Cité Internationale is an innovative development project located on the banks of the Rhône River next to the beautiful Parc de la Tête d'Or. Designed by the world-renowned architect Renzo Piano, the handsome complex is home to the Palais des Congrès convention center and the city's Museum of Contemporary Art (the pre-existing building has been totally renovated). In 1997, a UGC multiplex cinema opened, and a 200-room Hilton Hotel under construction is scheduled to open in 1999.

In 1996, Cité Internationale was chosen as the site

of the G7 meeting of world leaders. Interpol has constructed its world headquarters next to the complex, and the city has improved road and public-transport connections to it.

Mr. Forien also identifies the Porte des Alpes area, with its Technology Park and surrounding industrial activities, to the east of city as a likely investment target.

All this creates an ideal setting for businesses looking for modern office space. The first segment of 14,000 square meters of office space was rented out within one year of being put on the market in 1996, broken down into units of between 150 square meters and 7,000 square meters.

In general, business activities in Lyon are divided as follows: industry and logistics (60 percent of activity) in

the standard business premises and warehouses in the east and southeast, commercial activities in the center, and after-sales and repair services in the west.

Between 1991 and 1997, the volume of industrial real estate and warehouse transactions doubled in Lyon, reaching 650,000 square me-

ters, testimony to the dynamism of local companies. At the same time, the amount of space available declined, with almost no new premises on the market. Rentals account for 80 percent of this sector.

Investors interested in taking a closer look at this enticing market will want to

call on DAEI (The Department of Economic and International Affairs of Greater Lyon) and ADERLY to help them find a suitable site and set up business in Greater Lyon. Or see them at their stand at the MIPIM real estate conference at the Palais des Congrès in Cannes on March 12-15.

H.E.

## USEFUL ADDRESSES

### HELP FOR INVESTORS

**ADERLY**  
Lyon Area Development Agency  
20, rue de la Bourse  
69289 Lyon  
France  
Tel.: (33-4) 72 40 57 30  
Fax: (33-4) 72 40 57 35  
Web site: www.lyon-aderly.com

**Greater Lyon Department of Economic and International Affairs (DAEI)**  
20, rue du Lac  
69399 Lyon Cedex 03, France  
Tel.: (33-4) 78 63 41 36  
Fax: (33-4) 78 63 40 74  
Lyon at MIPIM  
March 12-15, Palais des Congrès, Cannes  
Stand no.: 13.20.15.19  
Stand tel.: (33-4) 04 92 99 80 30



# INVESTING IN EUROPEAN REAL ESTATE

## A GLOBAL GAME WITH BIG PLAYERS

Structural changes in the world economy are bringing new resources to the European market.

Until now, real estate dealing in Europe has been largely dominated by national markets and local ways of doing business. This is now changing rapidly in line with the development of global capital markets, the demolition of restrictive barriers between individual European countries and the emergence of world-class institutional players with large appetites and a drive to move their funds around the globe in response to shifting profit patterns.

"There is a big structural change going on in the world economy, which the Anglo-Saxon countries — especially the United States and Britain — have been better able to respond to than Continental Europe," says Angus McIntosh, head of research at Richard Ellis, real estate agents in London.

"This is because their market structures are much more flexible. The old cozy European ways of doing business are now breaking down. In Germany, for instance, banks have traditionally invested heavily in companies that they financed, thus reducing the need to raise equity capital on the stock exchange. Change is now being boosted by forces such as accelerating corporate mergers, acquisitions and privatization, which place more emphasis on equity holdings and stock market flotation."

Amsterdam-based ING Real Estate — a subsidiary of the ING banking and insurance group — provides a good example of the above trends. "Our core business includes asset management, property development and finance," says Hermann Van den Berg at ING Real Estate. "Currently, we are working on developing new funds that will offer third parties an opportunity to invest alongside our group. This move responds especially to the needs of funds such as pen-

sion funds around the world. Many of these wish to include real estate in their portfolios, but hesitate to invest directly in this sector because internationalization is making the situation more complicated."

### Vital cross-connections

The trend toward internationalization of the property markets also creates new challenges for property agents, though the largest asset that they are ready to meet these. "Our firm is organized on an entirely international basis, with cross-connections between our offices in different countries," explains Robert Lipscomb, managing partner at Healey & Baker, agents in Paris. "This enables a partner anywhere to advise international investors on a pan-European basis as to where they can best place their funds."

The growing internationalization and professionalism of property dealing in Europe are also illustrated by the increasing application of techniques imported from the United States. These include securitization (a technique that allows investors to raise debt finance more easily from the markets by granting buyers of the debt rights over related assets), facilities management and so-called "work-out teams."

Following the collapse of French property prices in the early 1990s, for example, investors from the United States and other countries have recently been moving in to buy up real-estate-linked debt portfolios and properties at knock-down prices.

These have earned the nickname of "vulture funds," though according to Charles Pridgen, who handles real estate financing and deals at Bankers Trust in London, such funds play only a small part in the overall equation.

"In a characteristic U.S. purchase of French real estate," Mr. Pridgen says, "there will be a consortium of U.S. investors in a fund, which will provide 20 percent to 40 percent of the price by way of equity. Typically they will be partnered by a French bank, which will be lending the rest of the money. This will include a French work-out team that will strive to obtain maximum value out of the assets."



Renovations like this one on Paris's Rue de Rivoli may combine retail, office and residential units.

Bankers Trust, whose head office is in the United States, operates as an investment bank and offers advisory services across Europe. Recently, the bank has also started buying European real estate for its own account. For instance, it now owns 110 properties in France, with a total book value of \$500 million French francs (\$82 million).

"We employ our own work-out team on these properties," Mr. Pridgen says. "The team includes an aggressive sales contingent who know the history of the properties, but are not weighed down by the problems that the properties have suffered over the last five years or so during the recession. Our work-out teams are pursuing

very active leasing policies, and moving decisively to clear up any outstanding legal problems associated with the properties."

### A team effort

The technique known as facilities management is also now increasingly applied by public utilities and government agencies, such as the social security department in Britain. "The idea is to put together specialized teams that can optimize the use of buildings and land, selling off the ones that are not needed and using the proceeds to upgrade the essential facilities," Mr. Pridgen explains. "The technique also makes possible the pooling of buying power."

At the same time, approaches to financing property deals are also changing. Against a background of low inflation across Europe, borrowers and investors are looking much more at cash-flow projections than they used to do, and are taking a relatively conservative view of these. Securitization is also starting to make an appearance.

"Opportunistic property

buyers in France are now gearing their acquisitions by taking out long-term mortgages for a substantial proportion of the price," explains Erik Sonden, European partner and director of investment at Jones Lang Wootton, property agents in Paris. "Price levels are now very attractive, with yields on prime office properties in central Paris standing at 6 percent to 6.5 percent. There is now a clear trend for French banks and German mortgage banks to become much more active in financing French real estate acquisitions. French banks that were previously laden with dodgy real estate loans are now coming back onto the real estate market."

Henri M. Philippe Alster, co-chair of the "Global Investors in European Real Estate Conference" being held at the Carrousel du Louvre in Paris Feb. 4, points to the U.S. market's "ransom of glory": high prices and shopped out properties. Institutions that took advantage of the distressed property market there a few years ago are now turning to Europe.

Michael Rowe

## WHITHER THE SMART MONEY?

Two hundred international property investors were recently invited to take part in the Millennium Investment Portfolio Game organized by agents Jones Lang Wootton as part of a November 1997 conference staged in Brussels. Each participant was notionally allotted 500 million Euros (\$545 million) to invest in the properties that he or she thought would bring in the best returns between now and 2000.

Paris offices came top of the list, followed by Spanish shopping centers and then offices in the city of London. "Recalls Victoria Marquis, senior analyst with the investment and research department of Jones Lang Wootton in Paris. "Numbers four and five were Prague retail premises and offices in Warsaw respectively."

U.S. property investors have recently been prominent cross-border players in Europe, with a tendency to merge assets and to go for markets in both east and west. Also, U.S. capital and pension funds are increasingly looking to Europe to provide new investment opportunities. At the same time, Europeans themselves are now returning as buyers to the Continent's choice centers.

### Broad trends

In Britain, property markets are already booming. In several other countries, including France and Spain, analysts believe that they have bottomed out and that recovery is now on the way. Also, at a moment of turmoil in world financial markets, some see properties in major West European countries as a relatively safe haven. The more adventurous are looking east for higher returns. All of these trends are giving further impetus to investment moves across the continent.

"Demand is rampant in London," says Angus McIntosh at agents Richard Ellis. "Around 5 million square feet of office space are currently under offer and about to be signed. This is in addition to the 11 million square feet placed during 1997." One example is Swiss RE (the giant Swiss reinsurance group) that has acquired the old Baltic Exchange building in the City and is currently having it rebuilt to provide 3,000 square feet of accommodation.

In Southern Europe, Italy is also starting to attract international investor interest in real estate. "So far, demand is limited, because of the traditional perceived view of Italy," comments Robert Lipscomb at Healey & Baker in Paris. "However, the necessary underlying factors to attract investors are all present. The economy and currency are doing well, and politics are more stable. Italy is also trying to

get into the euro in the first wave. To date, international interest in Italian property has centered almost exclusively on shopping centers. Investors who have recently bought shopping centers there include Schroeders and the Dutch group Forum." International players such as Morgan Stanley have also been active in buying distressed real-estate-linked loans in Italy.

### Focus on retail

Shopping centers are also a particular target of foreign investor interest in Spain. For example, Bankers Trust recently acquired an equity stake in the Filo shopping center group. Other examples are the Hines acquisition by U.S. investor Hines of the Diagonal Mar center in Barcelona, the purchase by Focas of a shopping center in Marbella and several Spanish shopping center purchases by the Dutch fund, Rodamco. The British-based Heron group is looking seriously at leisure-sector property opportunities in Spain.

"The investment trend in France is now moving more and more away from buying distressed loans to purchasing real estate itself," comments Charles Pridgen at Bankers Trust. "Quite a lot of this is connected with state defeasance vehicles, including the CDR [connected with the Crédit Lyonnais bank] plus the AGF defeasance vehicles. Germany, on the other hand, is weighed down by the fact that it attracts relatively fewer corporate locations because of the very high wages there. Added to this are the problems of the eastern parts of the country. Dresden offices are 40 percent vacant, with a 13 percent vacancy level on residential properties."

At the same time, major German funds have money ready to invest and are eager for investment opportunities. "Recent reforms in the regulations governing German funds now make it possible for them to place money in indirect property assets outside Germany," Mr. Pridgen says. "As a result, they are likely to invest massively in favored markets — France in particular — over the next year or so." Agents like France's Cogedim are responding with service packages that include legal, technical and financial expertise.

The 26,000-square-meter former Pechiney building in central Paris, in which the Paribas banking group owns a controlling interest, is currently for sale. Sources say that a German fund could be on the point of buying it for around 1.35 billion French francs (\$220 million).

M.R.

## WHEN THE MANY MARKETS SHARE A SINGLE CURRENCY

The planned 1999 introduction of Europe's single currency, the euro, will have significant impact on the property business, some analysts say. As a result, European Union capital markets should become both more accessible and less easy to control by national governments. Better access to the markets will make it easier to finance property deals. This, in turn, will lead to greater internationalization of European property markets, which should become less fragmented than they are today.

"The euro is particularly significant, since it will eliminate the currency risks between participating states," says Hermann Van den Berg at ING Real Estate in Amsterdam. "Moreover, the introduction of the euro will force national authorities to iron out existing legal and tax differences over,

say, the next 10 to 15 years. It will clearly be easier for us to invest in European countries that are inside the euro zone than in those that are outside. In this context, we think that Britain will join in the second wave, together with Hungary, the Czech Republic and Poland."

Hans Van der Werf, also of ING Real Estate in Amsterdam, takes the above points further. "The euro will provide much greater liquidity to the capital markets," he says. "If 15 countries take part, the capital markets will be twice those of Japan and 70 percent of the U.S. market. This will mean huge opportunities for investment, including money destined for retirement plans. Also, these moves are occurring at a moment when governments are cutting back on public debt, thus offering fewer opportunities to investors."

Moreover, due to the strong anti-inflationary policy of EU governments, investments in fixed-income bonds have become less attractive."

### Alternative vehicles

This means that investors are having to turn more to the equities and property markets for new opportunities. Mr. Van der Werf points out. "One of our main aims in this context is to create new property investment opportunities by developing and diversifying our funds," he continues. "For example, at the moment we are looking at the idea of an Iberian fund covering Spain and Portugal. This will later be included in a European retail fund, which will participate in funds in different countries. At the moment, our main clients for indirect property investments are in the Netherlands and the United Kingdom. We are now

looking at how to broaden the scope of these funds further to other European countries and to the United States."

Some property specialists believe that the euro will have less dramatic effects. "It is true that the introduction of the euro will remove the exchange risk between participating countries," comments Nick Lanning at Henderson Real Estate Strategy in London. "However, it will not create a totally homogeneous property market across the euro zone, since other barriers, such as different tax regimes, transaction costs and legal and lease structures, will remain."

Erik Sonden, European partner and director of investment at Jones Lang Wootton in Paris, takes a similar line. "In my view, the introduction of the euro will not have a very significant impact on investors," he says. "International investors can already hedge against their risks today in order to eliminate or diminish the exchange risk. The major change for European markets will be when national tax systems are harmonized."

Angus McIntosh, head of research at Richard Ellis agents in London, says that the euro is almost a side issue. "What matters for investors in property and other assets is finding the stock markets that offer the greatest depth and liquidity," he asserts. "In this respect, London is growing in importance, regardless of whether or not Britain joins EMU at an early date."

### Inflationary effects

One indirect consequence of applying the euro across the European Union could be to trigger a rise in property prices by increasing the rate of inflation. "Ultimately, the euro will probably include countries such as Britain and Italy," says Charles Pridgen at Bankers Trust in London. "These countries will exercise greater inflationary pressure than states such as France and Germany, which are leading the way to EMU."

M.R.

## PARIS 1ST

179, RUE SAINT-HONORÉ

100 M FROM THE PALAIS ROYAL,  
behind a restored  
XVIIIth century facade,  
a building offering new apartments  
from 48 to 150 sq.m,  
superb lay-outs and terraces  
giving onto beautiful  
interior garden.



SALES OFFICE ON SITE

Tel.: +33 (0) 1 42 97 56 00

Fax: +33 (0) 1 42 97 56 66

**COGEDIM**

+33 (0) 1 41 05 30 30  
Internet: www.cogedim.fr

THE INTERNATIONAL PROPERTY MARKET

Four days  
of meetings  
business  
and dialogue

**MIPIM 98**

the meeting-place for everyone who matters in property

**MARCH 12 - 15 1998**  
PALAIS DES FESTIVALS - CANNES - FRANCE

Covering almost 10,000 sqm of exhibition space, MIPIM is the world's only market to attract everyone who matters in the International Property World. For its 9th edition more than 7,000 professionals - a mix of Property Developers, Investors and End Users will gather in the ideal venue of the Palais des Festivals in Cannes to meet their future partners, talk business, and negotiate deals at the highest level. Another example of the savoir-faire of Reed Midem Organisation, MIPIM is undoubtedly the most intensive, busy event of the year, serving the people that matter at the core of the international property market.

Reed  
Exhibition  
Companies

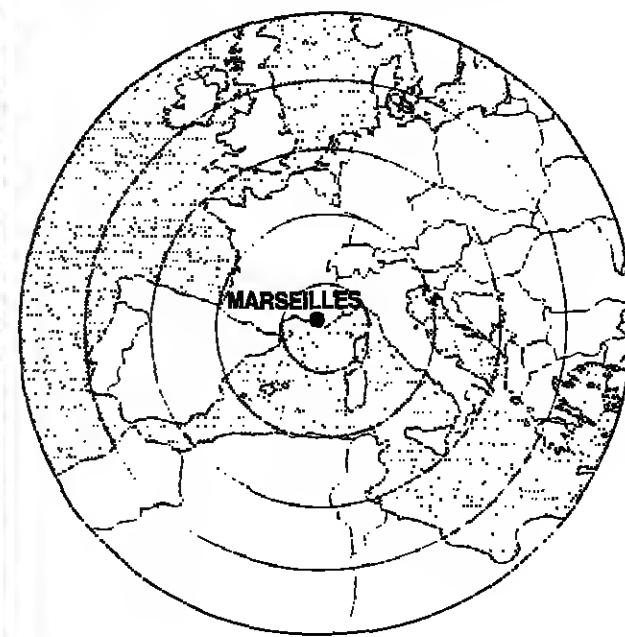
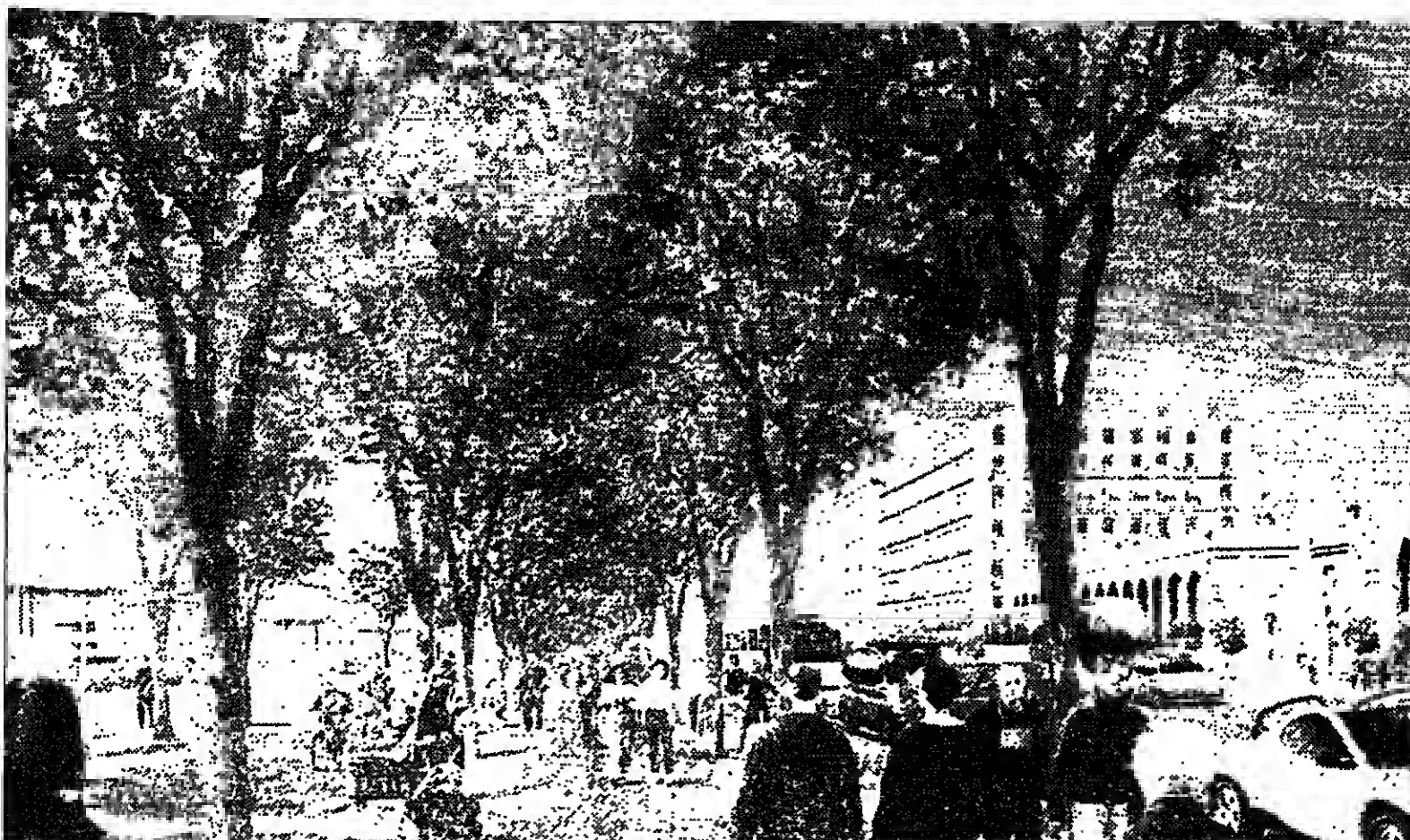
**MIPIM**

CONTACT: Nadine CASTAGNA  
REED MIDEM ORGANISATIONS  
BP 572 11 rue du Colonel Pierre AVI  
75006 PARIS Cedex 19 - France  
Tel.: 33 (0) 1 42 90 36 20  
Fax: 33 (0) 1 42 90 36 20



# INVESTING IN EUROPEAN REAL ESTATE: MARSEILLE-EUROMÉDITERRANÉE

Marseille is undergoing a metamorphosis. Marseille-Euroméditerranée, the future city center, is taking shape on a 310-hectare site. One-third of this area is suitable for waterfront development along one of the few stretches of Mediterranean shoreline still available. Structural investment is increasing. The sums invested thus far in Europe's Mediterranean TGV train terminal, Port Authority programs, international airport, Grand Urban Project — plus the largest shopping mall in France — add up to more than 8 billion francs. At right, the Boulevard du Littoral (artist's rendition).



## NEW HUB LINKS EUROPE TO THE MEDITERRANEAN

With traffic in Marseille set to double, urban planners are pulling out all the stops.

By the year 2000, Marseille will be one hour and 15 minutes from Lyon, three hours from Paris and four hours from Brussels when the high-speed TGV train goes into full service between Marseille and the north. This is one of the strongest urban development forces in the city. The Saint-Charles train station is already a hub for the city's urban and regional public transportation networks, and it is in the process of becoming much more. It will link business, housing and hotels at the heart of the city's economic and social life, where the train station and university are located.

The ambitious 15-hectare (37-acre) Saint-Charles project has three objectives:

- To improve the quality and interconnectivity of the city's major transportation systems.
- To enhance Marseille's relations with other major cities in France and Europe, with other towns in the region (Provence).
- To revitalize the urban hub in which it lies.

There are two intertwined but separately budgeted operations, which together total 880 million francs (\$146.24 million).

The first is the development of the railroad infrastructure itself (454 million francs). The second is the realization of a transport hub financed by the city of Marseille, the Provence-Alpes-Côte d'Azur region, the department of the Bouches du Rhône, Euroméditerranée, the French government and the French Railroad (SNCF), with a price tag of 426 million francs. The SNCF is paying the lion's share (400 million francs), the city of Marseille 170 million, PACA 120 million, Euroméditerranée 70 million, and the state and the department of Bouches du Rhône 60 million each.

### New vitality

Euroméditerranée's role is to revitalize the area in which this transportation hub — the largest in a European city center — is located. Urban planners have studied the area with the objective of regrouping the various means of transportation that intersect at Porte d'Aix, the principal access to the center of the city, as well as opening up to the rest of the PACA region.

Place Jules Guesde will host a 90,000-square-meter (968,752 square-foot) mixed development of residential property and services such as shops, hotels and restaurants. The university will add facilities of international trade, business and law.

The city of Marseille considers the renovation of this area a high priority. A program of new construction and renovation has been set in motion to attract residents back to the heart of the city. It includes 500 apartments, four student residences, the addition to the university, and new sports and cultural facilities.

The renovation, the installation of prestigious businesses and the creation of theme streets should attract a new and dynamic clientele. The "rue de la mode" (fashion street) already draws clothes-conscious shoppers to its boutiques showcasing the area's most promising young clothes designers. The street now under development is "rue des métiers de bouche" (street of food artisans), featuring locally produced delicacies ranging from olives to chocolates.

### Ready for more traffic

The transportation hub itself will open up the city center to the port and to the outside world, reactivating the city's ancient role as a European crossroads.

The Saint-Charles train station was last upgraded in 1983 for an estimated maximum of 10 million passengers a year. Today's traffic is about 7 million, but with the arrival of the TGV, 15 million passengers are expected annually by 2010. Train traffic will also double during rush hour, with between 50 and 100 trains between 6 P.M. and 8 P.M.

The urban planners working on this project have several objectives: to make access to all modes of transportation within the complex (train, taxi, bus, car, subway and pedestrian) as direct, fast and comfortable as possible; to give the complex a strong architectural identity integrated within its urban environment; and to allow for expansion and modification over time.

There will be 800 new parking spaces with access to the north, facing the highway, and another 800-1,000 spaces added to existing facilities. An underground tunnel for cars will ease street-level congestion.

A pedestrian area will extend from the train station to the new university complex. The bus terminal will be completely integrated, so passengers can move directly from train to bus. A new building will house a collective transportation mall, with ticketing, waiting areas and information booths. C.F.

## PROPERTY REFLECTS URBAN RENEWAL

Development is transforming the city center into the hub of the Mediterranean basin.

Marseille does not have the reputation that it deserves, as those who know the city can attest," says Pierre Lejeune, an executive with French property developer George V.

His firm is responsible for Les Docks, one of the first renovations of Euroméditerranée, an ambitious urban renewal project encompassing 310 hectares (766 acres) in the heart of the city.

Why did George V invest 1 billion francs (\$167 million) in Les Docks? Because, says Mr. Lejeune, "Marseille is a transportation hub with a major port and an excellent geographical position, and it presented a very good investment opportunity for us."

George V and other savvy investors believe that Marseille outshines its rivals as a place to invest.

"The return in [other] cities is not so great because there is not as great a differential between expectations and potential," says Mr. Lejeune, who expects his company to see a return on Les Docks by the time the project is completed in 2001.

Even before the Euroméditerranée initiative was launched in December 1995, Marseille was holding its own during the European real estate slump of the early 1990s. It experienced less of a downturn than many large cities in France. The number of new residential apartments being sold in the center of the city has doubled in the last two years, and the demand for office space in Marseille is so high that Euroméditerranée intends to construct 100,000 square meters (1.08 million square feet) of office space over the next five years, for a total of 500,000 square meters over 15 years.

### Waterfront as centerpiece

Marseille's waterfront plays a key role in Euroméditerranée planning; more than one-third of the Euroméditerranée project lies along the waterfront. When the port area has been restored, beauty will marry business. The harbor will have special areas for cruise ships to dock in and an attractive terminal for arriving and departing passengers.

The largest urban redevelopment project in France has a

number of development areas. The most important are La Joliette, Saint-Jean and Saint-Charles-Porte d'Aix, along with Belle-de-Mai and Arené.

La Joliette, located on the harbor, is primarily a center for international commerce and technology. Some space will be allocated for hotels, and the habitat, with the water nearby, is diverse and refreshing. Les Docks is shaping up as prime office space — many offices have been renovated with marble and paneled wood — with stunning views of the Mediterranean Sea. Enterprises from finance to media are already moving in.

### Heart of the city

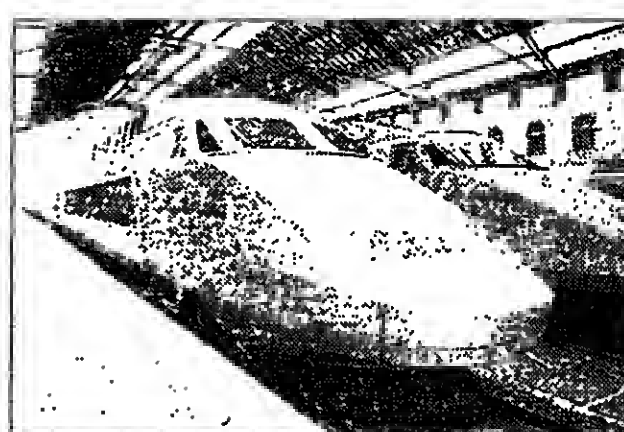
Saint-Charles-Porte d'Aix, in the very heart of Marseille, will be home to businesses, housing and hotels. A new university campus will further add to the intellectual vitality of the neighborhood. The train station — currently under expansion to accommodate the high-speed TGV in a few years — will eventually be the site of the largest multi-mode transportation in a European city center, reinforcing Marseille's role as the crossroads of the Mediterranean basin.

Saint-Jean, also on the harbor, blends aesthetics and history. With well-preserved architecture that dates to the time of King Louis XIV, the area is developing a focus on tourism as well as maritime activities. The Cathedral, Fort Saint-Jean, Fort Saint-Nicolas and Fort Entrecasteaux are some of the main attractions.

Belle-de-Mai and Arené are marked for attention as future artistic and business zones: Belle-de-Mai, formerly a warehouse area, is the up-and-coming cultural center in Marseille. It already has space for performances and exhibitions, plus studios and lodging for artists in residence. The restoration ateliers of the Louvre and Versailles have already established activities in the area.

Arené, along the harbor, will link port activities with the high-tech activities of La Joliette. The area will include housing and public recreation areas in addition to professionally oriented buildings. C.

Claudia Flisi



France's famous TGV trains are coming to Marseille.

## 'LES DOCKS' BRIDGES HARBOR AND THE HEART OF THE CITY

Although the word "docks" originated in England in the 1800s, Marseille has long been a reference point for the commercialization of a city's docks, owing to its logistic advantages. Le Lacydon — the natural dock of Marseille — is large and centrally located and protected from the winds.

Docks are again drawing attention to Marseille's commercial potential. This time, the reference is to Les Docks, a beautifully restored 19th-century building complex occupying 2 hectares (5 acres) of waterfront in the Joliette area of the city. Privately developed by French development company George V, it is the star attraction in Euroméditerranée's redevelopment program.

Hervé Wattinne, an executive with real estate developer Auguste Thourard, says that Les Docks/La Joliette benefits from "an exceptional infrastructure, plus ready transportation access to the highway leading out of town and to the city center by car and subway."

When fully renovated in 2001, Les Docks will offer 100,000 square meters (1.08 million square feet) of state-of-the-art office space to service companies, especially those with an interest in trade and commerce. Occupants to date include international banks and accounting firms, utility companies, the Marseille Chamber of Commerce, the American Bureau of Shipping, restaurants, business services and the headquarters of Euroméditerranée itself. "We invested because Les Docks presented a very good investment opportunity," says Pierre Lejeune, an executive with George V.

### Old is new

Additional opportunities in the area around Les Docks are of two types: new construction and the upgrading of existing buildings. Upgrading projects include a number of buildings constructed two decades ago that hold promise because they offer ample office space — a critical advantage in today's market. One example is "Europrogramme," facing Les Docks, which is in the process of transformation. The owner is a group controlled by Italian financier Carlo de Benedetti.

For new construction, permits will be issued in 1999. The permits are needed, says Mr. Wattinne, because there is barely a year's worth of existing stock to satisfy the demand for commercial space.

Euroméditerranée is discussing investment projects for hotels, apartments and office space, with a view to creating an inner city where professionals will want not only to work but also to live. Development projects include schools, parks, cultural centers, sports facilities, public spaces and improved traffic flow, parking and lighting.

La Joliette's 25 hectares encompass 270,000 square meters of gross space, to be divided as office space (145,000 square meters), new and renovated residential space (80,000), hotels and commercial space (20,000) and public facilities (25,000).

The success of Les Docks is well under way, says Dominique Becker, general manager of Euroméditerranée. The main works in progress are in "la Place de La Joliette," a one-hectare public area that includes subway stations and restaurants and that will provide space for the first 60,000 square meters of new construction. C.F.

## WORLD FORUM AT THE SEASIDE

Giving international visitors and travelers a civic meeting place is a high national priority.

The 5 hectares (12 acres) of the Saint-Jean section of Marseille run along the harbor, bridging sea and center city.

The location enjoys views of the historic harbor and the Mediterranean. Euroméditerranée is investing 70 million francs (\$11.63 million) to create a new cruise-ship terminal that will help the city capture a larger share of the growing cruise market in the Mediterranean.

Two large bangars, remnants of the old industrial port, have already been demolished, and the competition to design the new terminal is under way.

### Proposals invited

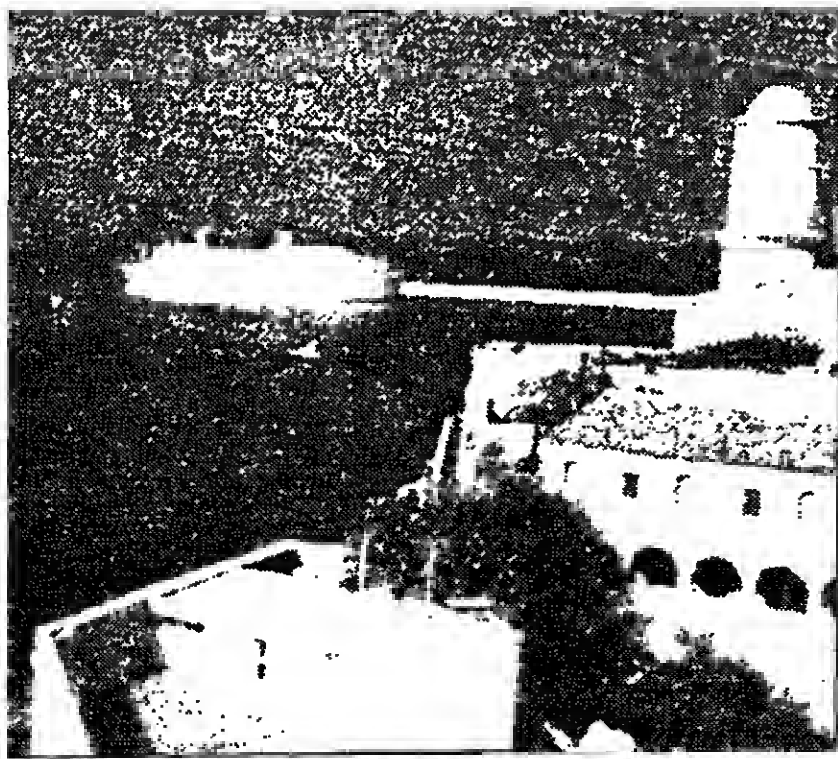
At the same time, Euroméditerranée is inviting proposals for a maritime park that 1 million visitors are expected to enjoy each year.

Inspired by successful projects like Balamore's Inner Harbor, the Belem section of Lisbon and Tempozan in Osaka, the organization is currently evaluating proposals that will take advantage of the site's natural and historical attractions, including a museum that will be housed in historic Fort Saint-Jean.

### Winning combination

The theme being encouraged combines the romance of the sea, the Great Explorers and the merchant fleets. Euroméditerranée is spearheading a total of 70,000 square meters (753,474 square feet) of new construction in three clusters: le Boulevard du Littoral, la Place de la Mer and the Bassin et la Place Saint-Jean.

The Boulevard of the Littoral will take traffic underground while redeveloping Avenue Vaudoier. Plans for this project are already at an advanced stage.



The Saint-Jean development will be dedicated to cruises and leisure.

The Place de la Mer involves the restoration of 15 hectares as a public crossroads between city and sea, dominated by the Esplanade de la Major.

### To the lighthouse

The Bassin et la Place Saint-Jean is a 1-hectare bridge between the Old Port and the new terminal for ferries and cruise ships. It will be the departure point for excursion boats to the nearby islands of Frioul and Chateau d'If (the latter famous for its connection with "The Count of Monte Christo"). Boat shows and events connected with the nearby pier (Môle Major) will also take place here. This site's position facing the city's lighthouse and the 13th-century Fort Saint-Jean makes it ideal for such activities.

### Hand in hand

Structural redevelopment will go hand in hand with artistic and cultural initiatives.

"Saint-Jean's future architecture will be a waterfront landmark symbolizing the role of France in the Mediterranean

basin," says Renaud Muselier. Mr. Muselier is president of Euroméditerranée, a member of parliament and deputy-mayor of Marseille.

Visitors will in turn serve as a draw for more business travel — conventions, meetings and incentive trips. Business travel development is a priority for the city of Marseille and the organization Marseille Congrès, which is investing heavily in convention facilities and auxiliary services.

### Tempting excursions

Even without a portside attraction, tourism from cruise ships and ferry passengers has already increased dramatically in Marseille. Between 1995 and 1997, the number of stops by such vessels rose from 44 to 117, and the number of passengers from 26,000 to 90,000.

Marseille stands to benefit even more when its new cruise-ship terminal is completed: two-thirds of all cruise-ship visitors buy some sort of excursion while in port. C.F.

## USEFUL ADDRESSES

For more information, please contact

**Thierry Martin**  
Executive Director, Marketing & Economic Development  
Euroméditerranée  
Les Docks - Atrium 10.2  
10, place de la Joliette  
13304 Marseille cedex 02, France  
thmartin@epa-euromed.fr  
tel. (33 4) 91 14 45 31 - fax (33 4) 91 14 45 01

### VISIT EUROMÉDITERRANÉE AT MIPIM

The Euroméditerranée Public Agency will offer a preview of the first developments — the Saint-Charles TGV train station and La Joliette waterfront — at the MIPIM trade fair in Cannes, March 12-15, 1998.  
Stand no.: 15.20.17.25  
Stand tel.: (33 4) 92 99 82 73



## WORLD ROUNDUP



Dave Richardson of South Africa trying to stump Australian batsman Steve Waugh.

### Waugh Earns Draw

**CRICKET** Mark Waugh scored 115 not out Tuesday to earn Australia a draw in the third test against South Africa and a 1-0 victory in the three-match series.

Waugh batted for 404 minutes as Australia, which needed to score 361 to win, reached 227 runs for seven wickets at the close.

However, Hansie Cronje, the South African captain, complained that Waugh should have been given out. Waugh was felled by a bouncer from Shaun Pollock, a South African fast bowler, with eight overs to play. Waugh staggered and hit his wicket with his bat. The umpires decided that Waugh had completed his shot and gave him not out.

"If someone gets hit on the head and is hit wobbly and walks on the stumps he is out," Cronje said. South Africa dropped 10 catches in the match. Waugh was dropped three times.

### Benes Heads for Arizona

**BASEBALL** Andy Benes, whose \$30 million, five-year deal with the St. Louis Cardinals was voided by management's Player Relations Committee because it was agreed an hour after the Dec. 7 deadline, has reached a deal with the Arizona Diamondbacks. The expansion team will pay the pitcher about \$18 million over three years.

Bob Watson, the first black general manager to win the World Series, was planning to resign from the New York Yankees on Tuesday. The Associated Press and The New York Times reported. Both said Watson had grown weary of dealing with George Steinbrenner, the team owner. His assistant, Brian Cashman, 30, will take over. He will become the second-youngest general manager in baseball history (AP, NYT)

### A Novel Twist for Vikings

**FOOTBALL** The novelist Tom Clancy will be the new majority owner of the Minnesota Vikings, James Jundt, one of the current co-owners, said Tuesday. The purchase price will be about \$200 million, he said.

Clancy's bid involves other investors. He would not identify them, but confirmed he was the majority investor and would own at least 30 percent of the team. Clancy is also a minority owner of baseball's Baltimore Orioles. (AP)

### Real Madrid Pays Penalty

**SOCCER** Real Madrid threw away the chance to go to the top of the Spanish First Division when it lost at home to Valencia, 2-1, on Monday night.

The match hinged on three penalty kicks. Gaizka Mendieta gave Valencia the lead with a fourth-minute penalty. Eight minutes later, Pedrag Mijatovic of Real missed a penalty. Ilic scored Valencia's second goal from open play in the 17th minute. Davor Suker replaced Mijatovic and scored Real's goal with a penalty. (AP)

Celtic beat Aberdeen, 3-1, on Monday night to pull level with Rangers and Hearts at the top of the Scottish Premier Division. All three have 48 points from 23 games. (Reuters)



Celtic's Morten Wieghorst celebrating a goal against Aberdeen.

## In Nagano, Even the Ink Is Watched

Security Net for Games Is Meant to 'Stop an Ant'

By Kevin Sullivan  
Washington Post Service

**NAGANO, Japan**—Out in the frigid field house, behind the kerosene heater and a crate of dirty old baseballs, coach Akinori Yamadera keeps his three pitching machines chained to steel girders in the wall.

With the Olympics starting on Saturday, the Nagano police have asked local high schools to keep their baseball-tossing machines under lock and key so terrorists can't steal them and use them as weapons.

"These machines can throw a ball at 150 kilometers an hour, so you could kill somebody," Yamadera said, as the boys of the Nagano Commercial High School baseball team began their warm-ups on a snowy afternoon. "It's a one-in-a-million chance, but if anything happened it would be a disaster. If this machine were used in an act of terrorism it would be very embarrassing for Japan."

That risk was highlighted Monday by a series of explosions at Tokyo's Narita airport, where foreign athletes, officials, fans and media have been arriving for the Games. Nagano officials said Tuesday that the explosions were not related to the Games. Officials also said they were stepping up security following the airport attack.

One person was injured Monday when two or three small bombs exploded in a cargo area at the airport. The police suspect that radicals opposed to expansion of the airport may have been behind the attack.

With those explosions and the bombing at the 1996 Summer Games in Atlanta still fresh in their minds, the organizers of the Nagano Olympics have spared no effort, as one police officer said, to "create a security net that even an ant couldn't crawl through."

Locking up pitching machines may seem excessive, especially in a small mountain city where crime is virtually nonexistent. But since the terrorist attack at the Munich Games in 1972 that left 11 Israeli athletes and officials dead, and the Atlanta bombing that resulted in one death and injured 100, organizers here recognize that the Olympics pose a tempting target for extremist groups and violent attention-seekers.

So the Japanese hosts, planning down to the tiniest detail, are even asking merchants to record the names of anyone who buys large amounts of ink that could be used to deface Olympic sites or be tossed on a famous visitor.

"The Olympics is like a dream come true for us," Yamadera said. "As the Japanese proverb says, 'If you prepare fully, you will have no regrets.'"

Security officials are especially concerned because of the parade of celebrities that will attend the Nagano Games. Emperor Akihito and other members of the imperial family will be joined by many European royals, including Prince Albert of Monaco and Princess Anne of Britain. Tipper Gore is scheduled to visit Nagano in the days leading up to the Feb. 22 closing ceremony.

Olympic organizers have asked travel agencies to turn over all the names of people who have purchased tickets for events that members of the imperial family will attend. Presumably, they are compiling the list of an estimated 150,000 names and telephone numbers for criminals.

Organizers have not revealed where athletes from individual countries will be staying in the 23-building athletes' housing complex. The location of each delegation is being kept confidential to protect against terrorists with a grudge against any particular country, but as some athletes began arriving, they hung their national flags from their windows. Organizers are fretting, but so far they have refrained from issuing an anti-flag edict. The 3,000 athletes are under constant guard. Metal detectors and security guards are stationed at all entrances to the athletes' village and at all competition venues.

Officials say 6,000 police officers from all over the country will patrol Nagano during the Olympics, aided by 3,000 more professional and volunteer security guards and fire fighters hired by the organizing committee. Expert skiers from the Japanese military will also be on call to deal with emergencies.

Guns are so uncommon in Japan that the rifles used in the biathlon, an Olympic event combining skiing and shooting, will be kept locked in rooms guarded by a James Bond-like security system. To get in, athletes will have to pass through an optical scanner that reads the unique pattern of their irises.

Private hunting groups have been asked to stay far away from Nagano and its surrounding mountains, and the few owners of registered guns, swords and other licensed arms have received letters from the police asking them to keep the weapons locked up for the next three weeks. Merchants have been asked not to sell fireworks until the Olympic torch has passed on.

Few here believe that anyone is going to haul a 112 kilogram pitching machine into the Olympic stadium to fire grenades at the emperor, or use national flags to target a sniper attack. But most people say it is better to be safe than sorry.

"It's like an earthquake: It's always in the back of people's minds, but you don't really think it's going to happen," said Haruo Machida, 43, a local government official.



Japanese soldiers tramping snow Tuesday on the slope for the women's downhill competition in Hakuba.

## Engineering Victory at Olympics

High Tech Invades Winter Sports, From Pricely Waxes to Simulators

By Christopher Clarey  
New York Times Service

**WENGEN, Switzerland**—Willy Witz, the Californian who prepares the downhill skis for the defending Olympic champion Tommy Moe, pulled out his "magic box."

Inside were dozens of small vials, each filled with a different powder. "They kind of look illegal," Witz said.

They aren't. The powders are fluorocarbon "waxes," relatively new and ever-mutating versions of the paraffin waxes that recreational skiers use.

Fluorocarbon waxes have been present in elite alpine and Nordic skiing for most of the decade, but in the last four years, there has been a proliferation of specialized brands adapted to a variety of snow conditions and temperature ranges.

The waxes are less adaptable when it comes to price ranges.

"One of these costs 100 bucks," Witz said, holding a vial up to the light and shaking his head.

There is a great deal of head-shaking going on in winter sports. Technological innovation has become an inexorable presence in the lives of athletes and their entourages as it has for those of us who used to live quite happily without moderns and hard drives.

There are postmodern waxes, parabolic skis, bobsled-driving simulators, refrigerated tunnels for cross-country skiing, refrigerated start tracks for luge, wired triggers on biathlon rifles and altitude houses for athletes who bail from low-lying nations. There are clap skates for speed skaters, although those are not quite as new as one might imagine. There are portable weather stations, portable timing systems equipped with lasers, stone-grinders for ski bases and rapidly expanding databases.

Just since the 1994 Olympics in Lillehammer, Norway, there are better goggles, better ski-jumping suits, better boots, better bindings, better poles, better treadmills, better luge booties and better bobsled axles (woops, those are illegal).

"I think you'd find any coach would echo the idea that the pace of change is getting increasingly difficult to manage," said Tim Derrick, the assistant coach of the U.S. biathlon team.

"It has become incredibly intensive in terms of what it takes to be on top, yet that's our job, so we do the best we can. It really takes an aggressive, creative, problem-solving attitude."

Derrick has to find a way to wax too many skis in too little time without endangering his health (fluorocarbon waxes wear elaborate masks to protect against fumes) and to develop biathletes in a nation where biathlon is about as popular as ski jumping is in Tahiti.

Others face even more daunting problems. Consider the Finnish entrepre-

neurs who wanted cross-country skiers to train in the summer without having to travel to a glacier. Solution: a 1,210-meter (3,990-foot) tunnel at the Vuokatti Ski Training Center in Sorokamo, Finland.

The concrete tunnel does for serious Nordic skiers what the Skidome in Tokyo, with its refrigerated indoor slope and lifts, did for recreational alpine skiers. It makes their sport a year-round option. The tunnel is 8 meters wide and 4 meters high and equipped with snow-making machines and an Internet camera. The brainchild of Vesa-Pekka Sarparanta, a former coach of Finland's Nordic combined team, it opened in July and attracted 20,000 skiers before closing for the winter.

The Finnish cross-country skiing stars Jani Isometsa and Mika Myllylä were frequent visitors and are shareholders in the project, which cost about \$3 million. National Nordic teams from Austria, France, Japan, Russia and Switzerland have trained in the tunnel. Technicians like its controlled conditions for testing equipment and waxes.

The average temperature is minus 5 centigrade (23 degrees Fahrenheit), but Leena Penttinen, marketing manager for the training center, said it was adjustable, with minus 18 centigrade (zero Fahrenheit) the coldest setting attempted so far.

Penttinen said the tunnel had the potential to be fitted with oxygen-regulating equipment that could simulate high-altitude conditions. But for the moment, visitors such as the French and Japanese Nordic combined teams seem content simply to sleep in the nearby "altitude house," an 18-bed facility with low oxygen levels that allows them to increase their red-blood-cell count and, hence, their endurance.

**WIND-TUNNEL** testing for skiers, lugers, bobsledders and ski jumpers is already de rigueur. So is the use of high-speed video to allow coaches to analyze spins, leaps and turns at 240 frames a second instead of the customary 30 frames.

One of the recent innovations by the U.S. Olympic Committee — and its sports scientists are not eager to discuss all their work — is a training tool to monitor the aiming and trigger-pulling techniques of biathletes.

A small laser mounted underneath the rifle shows athletes exactly where they are pointing their weapon, and the trigger is, in techno-speak, "instrumented," which means it is covered with a plate designed to measure the amount and type of force an athlete applies to it. Coaches can watch and then analyze the data on video or a laptop screen.

"In our sport, trigger control is so important because your heart is beating 160 times a minute," Derrick said. "If all comes down to your finger, and this is an incredibly good tool."



Gary Carpenter leading another U.S. speedskater, Kristin Holm, in practice Tuesday in Nagano for the increasingly high-tech winter Games.

## World Cup? The Dream Can End in A Second

By Rob Hughes  
International Herald Tribune

**LONDON**—It takes four years, maybe longer, to nurture the World Cup dream — and an obscene few seconds to destroy it.

In Madrid on Sunday, Juninho, the effervescent Tom Thum of Brazil's national squad, was scythed down from behind. Reduced to tears, stretched to the operating theater, he simply asked: "Doctor, and the World Cup?" Dr. Pedro Guillen might have replied, Son, forget the World Cup. He actually

### WORLD SOCCER

said: "We will have to see how things go." Then surgery laid bare the severity of the wounds: The fibula in the left leg was fractured, the ankle dislocated, ligaments twisted and torn.

"Doctor, and the World Cup?" "Things were worse than expected," the surgeon had to admit. The injuries will require four months in heal. The World Cup is barely four months away. Since players must prove that their fitness and form are at a peak, Juninho is realistically lost to the tournament.

So, in all probability, is Ciro Ferrara, the dependable Italian defender who, also on Sunday, broke both bones, the fibula and tibia, in his left leg.

"Doctor, and the World Cup?" "I consider it almost impossible," said Riccardo Agricola, the Juventus team physician. "Injuries of this sort usually take five to six months for a full recovery to match fitness." The pain, like the injuries, is compound. What a competitive man feels in his bones is one thing, what burns in the mind and the heart is worse.

In Frankfurt, Matthias Sammer, the most elegant German libero for 30 years, was omitted from the list of 40 players named for World Cup preparation. He has wrestled all season with the doubts that so suddenly hit Juninho and Ferrara. The Borussia Dortmund player's left knee has been invaded by surgery four times. His one strand of encouragement is a pledge from Bert Vogts, the national trainer, that "the door will remain open for Sammer until the last minute."

Sammer refuses to count himself out. He will edge toward that open door, grime and sweat in the gym, and keep asking the question.

"Doctor, and the World Cup?" For Juninho, for Ferrara, the abruptness itself is a pain. One moment they are among the fittest athletes on earth, the next they are cut down. The question of culpability arises.

In Spain, there is a fury of recrimination. Juninho, whose name means Little Boy and alludes to his diminutive size — 5 feet 3, or 1 meter 60 — was kicked from behind, and the culprit, Celta Vigo defender Michel Salgado, got away with it.

With no hope of winning the ball, Salgado brought Juninho down to prevent a goal. The tackle was reckless at best, sluggish at worst. It is exactly the foul that soccer's governing body, FIFA, outlawed the crude, cowardly, one would say criminal behavior that ended the career of Marco van Basten and ruined the ankle of Diego Maradona.

Unforgivably, the referee did not issue a card of any color. "It was not my intention to hurt him," insisted Salgado, "but I suppose I should have got the red card." He supposes correctly.

Sadly, Juninho has months to reflect on why he left his English team, Middlesbrough, last year to play in Spain. It was straightforward. Juninho asked to be Brazil's playmaker, and he knew that to the Brazil coach Mario Zagallo, England was a backwater. Spain a regular viewing ground. He went for exposure and was exposed to serious harm.

Ferrara had no need to leave home. Italy's coach, Cesare Maldini, shared the conviction of everyone that Ferrara, a man of 44 caps, was close to indispensable.

But no innovation has received more attention than the clap skate, which has revolutionized speed skating in the last two seasons and thrown out the old record book in the process. While conventional skate blades were attached to the boot, clap-skate blades are not attached at the heel and increase a skater's ability to push off.

Clap skates, however, are not so new. A German company received a patent for a similar design in the late 19th century. It wasn't until the early 1980s that Dutch scientists developed a modern version, and it was not until the 1996-97 season that skaters for the Dutch national team adjusted their technique and converted. Now, every medal contender in Nagano will be wearing the skates.

But other sports have drawn lines in the snow. At the World Bobsled Championships last year in Switzerland, the four-man event were all disqualified for using axles that were not of the required one-piece construction and not made of steel. But one suspects that it was only a temporary setback for progress.

"They've been asking me how to conceal a motor in a bobsled," said Tim Conrad, the sports science engineer for the U.S. Olympic Committee who developed the smart biathlon trigger. "For the moment, it's too obvious with the smoke and the noise, but give me time, give me time."

Rob Hughes is on the staff of The Times of London.

## KOREBOARD

### FOOTBALL

#### THE MENACE

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET

#### BEETLE

#### BLONDIE

#### CARPET







## OBSERVER

## Media Meltdown

By Russell Baker

NEW YORK — Some fusspot, maybe. Baudelaire, once said he was unable to understand how any civilized person could pick up a newspaper without a shudder of disgust. Baudelaire was a 19th-century poet, but these past two weeks he could have been a modern American duffard speaking of what we now call "the media."

Has there ever been a more disgusting media meltdown? The president is alleged to have had illicit sexual relations with a younger woman, and — stop the presses! — it's Armageddon time.

Joke writers for television's midnight vaudeville shows have been wallowing in Joke-Writer Paradise. It doesn't have to be funny, just make it dirty, and see studio audiences roll in the aisles.

Suddenly it's all right to junk all rules of journalism by amplifying rumors floated by faceless well-poisoners identified only as "sources."

Suddenly it's all right to speculate in clinical language about sexual activities once considered so unorthodox that even the racier newspapers refused to acknowledge their existence. Rumors are reported — only rumors — that a "semen-stained" garment is lurking in the wings.

The same media that trumpet this stuff carry worried letters and editorial dithering asking, How can we ever explain these shocking things to our children? These are priceless examples of media struggling to appear high-minded while groping for rock bottom in the depths of hypocrisy.

Those pictures of witnesses and lawyers being overwhelmed by media hordes, for instance — they

must have made people all over the country recoil in horror at the thought of what could happen to them if, by some monstrous stroke of bad luck, they were ever to be involved in a news story.

How dreadful! How hilarious! We are seeing a total media meltdown, and what set it off? The idea of the leader of a Puritan nation in tireless, reckless pursuit of sex.

The ultimate joke, however, may be on the media. Whatever the outcome of the scandal, the press and television figure to be big losers in the long run.

The media have long been in bad odor, and in especially bad odor with conservatives. It's a rare day when several of those mad-dog talk-radio shows don't have a clutch of outraged conservatives flailing away at the hateful media.

During the past few days, however, cries equally as fierce have been pouring in from people sympathetic to the president.

The common belief of the right is that the media are a conspiracy of liberals soft on Democrats. If Democrats now start thinking of the media as part of Hillary Clinton's right-wing plot to destroy a Democratic presidency, where will long-suffering journalists find shelter?

In the conviction that they are fulfilling a constitutional obligation to serve the public, that's where. This they often do, and well. Other times, especially when sex and celebrity murder are their subjects, a shudder of disgust may run through the public, set off by suspicion that it is not being served, but having the creepiest side of its nature exploited for profit.

New York Times Service

## 30 Years of Making 'Avant Pop' Music

By Mike Zwerin  
International Herald Tribune

PARIS — Lester Bowie is a blue-collar trumpet player. A working-class musician. He gets paid for making music. Period. No bills, fanfare or tangents. He earnestly believes in this image and he hopes people see him that way.

That's not to say it hasn't been creative work. On the contrary. For some 30 years now, he's founded intelligent, groundbreaking bands — the Art Ensemble of Chicago for one; and, more recently, Lester Bowie's Brass Fantasy, which will release a new album titled "The Fire This Time" (WEA) this month.

His trademark stage costume is a white smock, a sort of lab coat like researchers and hutchers wear. He continues to work hard to keep in good physical shape and the guys in his bands just never seem to stop blowing their horns on stage.

Never has he received a foundation grant or a subsidy. Not once. Of course, he's never applied either. Applying for grants in the arts is a full-time job and involves a vocabulary all its own. It's another mind-set which, frankly, he does not want to learn. It's quicksand. In the world of subsidies, state or private, talking about your work and who you talk to about it is more important than the work itself. If he cannot just walk on stage or into a studio and make music, he would prefer to do something totally different. Something like hunting.

He grew up with hunting in St. Louis. In those days, you could find what Bowie calls "deep country" a mere 50 miles outside of town. "I have great memories of hunting with my father. We'd eat what we killed; there's something about the taste of the kill. I'm an opponent of sport hunting. But for a few dollars worth of shotgun shells we had meat for weeks."

As a teenager in the 1950s, he went from a cap gun to a BB gun to a shotgun. He liked "to play John Wayne" and admits now (he's 57) that he did some "evil things" as a child. He and his brother would go out and kill birds, for example. After awhile, killing birds began to make him physically ill, and by now he's become so ashamed of it that he "won't even step on a bug."

With his glasses, gray-speckled beard and short-cropped hair he resembles a distinguished professor of African-American studies more than a superstar of free jazz. Free jazz was, or is, improvisation without rules. It remains part of his mix.

He has matured since he made his reputation as the guiding light behind the definitive free jazz group, the Art Ensemble of Chicago. He describes a free jazz musician, with an ironic smile, as "somebody you will never understand, and you certainly won't like him."

For the past few years, he has been spending most of his energy leading Brass Fantasy, playing what he calls "avant pop." Brass Fantasy is an extension of the traditional brass band. His father, now 92, was a high school band director, as was his father before him.

Young Lester used to watch football games primarily to check out the marching bands during half-time.

In one recent Puerto Rican Day parade in New York, Bowie marched with his daughter in her junior high school band from 44th Street way up into the 90s. He hadn't had so much fun in years.

Marching bands require continual blowing for hours at a time and he loves the way his muscles tingle: it's like working out. Years ago, he marched in American Legion and Salvation Army bands. The brass band is a very American tradition going back to John Philip Sousa and passing through Charles Ives and Bowie is proud to be part of it.

Instead of George Gershwin, Brass Fantasy plays Michael Jackson, Marilyn Manson and Madonna songs. "It's not about what I play," he says. "It's the way

that I play it. It's not the repertoire, it's the interpretation."

Interpretations by the Art Ensemble of Chicago feature the visual as much as the musical. There is a strong African presence. The stage is full-up with all sorts of conventional and ethnic instruments. African ceremonial designs are painted on their faces. They

wear colorful robes and outlandish hats.

When the Ensemble moved here in 1969, Paris became its "second home." It was a "make it or die" sort of situation. A "now or never" commitment. Either they were going to be able to make a living playing their own honest music or forget the whole thing. The way it

worked out Bowie never had to back up another soul singer, and there were no more Holiday Inn lounges or factory floors for anybody.

Bowie has raised six kids and sent "a bunch of them" through college (there are eight grandchildren). "I have homes and cars. My concerts are full. Always, always full. People hire me to come back because they've learned by now that they can make some money with me."

He's played sports arenas in Spain, the Olympic Stadium in Rome, Queen Elizabeth Hall in London, and 7,000 people came to hear Brass Fantasy at La Villette in Paris.

"We're playing for an informed audience," he says. "People know about the blues, reggae and World Music by now. They know about brass bands. Everybody's pretty much aware of this cross-cultural thing. I've never been able to understand the way record companies underestimate the intelligence of the listeners."

"People are catching up. They've got videos, they've read books, they operate computers. The wheels in their heads are working. They've learned how to enjoy more than one thing. They say 'I can be a rock fan, I can appreciate Oscar Peterson, I like Pavarotti. And I want to buy Lester's record too.'"

Not one of the successful musicians he's grown up with and played with over the years, no matter how many successful concerts they've given, not one of them has been able to earn the freedom to create music to the limit of their talent. There's a lack of what he calls "dealing bread," money to invest in themselves like successful Hollywood actors invest in their own productions.

"People know that music needs personality. I'm here. I got personality. I only hope that one day I'll get the opportunity to show people what I can do. I mean really do."



Lester Bowie, no grants, no subsidies, just a working musician.

Christian Rose

that I play it. It's not the repertoire, it's the interpretation."

Interpretations by the Art Ensemble of Chicago feature the visual as much as the musical. There is a strong African presence. The stage is full-up with all sorts of conventional and ethnic instruments. African ceremonial designs are painted on their faces. They

wear colorful robes and outlandish hats.

When the Ensemble moved here in 1969, Paris became its "second home." It was a "make it or die" sort of situation. A "now or never" commitment. Either they were going to be able to make a living playing their own honest music or forget the whole thing. The way it

## MOVIES

## A Grand Old Man of the Cinema at 22

By Justine Elias

NEW YORK — Twenty-four hours after a television interviewer introduced the 22-year-old writer and director Jake Kasdan as Hollywood's latest Wunderkind, he was being treated like some grand old man of cinema.

Three screenplays, accompanied by earnest pleas for help and advice, arrived at his hotel in Toronto, where he had traveled to promote "Zero Effect," his first film. The offbeat mystery, which opened on Friday in the United States, stars Bill Pullman as Daryl Zero, a brilliant, reclusive and eccentric private investigator who is at once terribly aware and afraid of the world around him.

While he can solve the most baffling cases, he is totally stymied by life's little intrusions — like those unsolicited manila envelopes at Kasdan's hotel. Those would drive a man like Zero to distraction, or farther into hiding.

Such is not the case with Kasdan. He is the son of Lawrence Kasdan, the writer and director of memorable films like "The Big Chill" and "Body Heat," and Meg Kasdan, who was a co-writer of one of her husband's other films, "Grand Canyon" (1991), whose screenplay was nominated for an Academy Award.

Like a true child of Hollywood, Jake Kasdan is aware of the unpleasant legal ramifications of reading unsolicited material. It simply isn't done. "From total strangers," said Kasdan, on a recent visit to New York. "I don't know what to do. I sort of put them in my suitcase and keep them sealed until I figure out the legally appropriate way to deal with this. I'm curious, though. I can just see myself calling all these people. Suddenly I've got all these calls to make!"

Kasdan speaks with authority on the vagaries of a moviemaker's life. His sophistication with business stands out in contrast with that of young directors who finance their films on their Visa cards, use scraps of film stock and enlist amateur actors who work free of charge.

Kasdan grew up in Los Angeles and on his father's film sets, where the unofficial Kasdan repository company included Kevin Costner, Kevin Kline and Kathleen Turner. But he is anxious to say that it was his screenplay and not his surname that won him his first movie deal.

Rather than endure the surefire rejection of blindly submitting unsolicited material to film studios, Kasdan showed his earliest screenplays to a handful of agents until he found one who would represent him. "It makes perfect sense to me that people want to know about my family," he said, generally. "I am really young to be a movie director. I've been around movie sets my whole life. To me, that part of the story seems like a side note. I wasn't such an irresistible property as a filmmaker prior to this. Really, all that happened was I wrote this script and found all these people to make it — actors, producers, a studio. They liked the script."

Some of those supporters were, in fact, encountered early on. Jake Kasdan was only 13 years old in 1988 when he met



Jake Kasdan has just made "Zero Effect," his first film.

Steven McClure/The New York Times

ing the film, Kasdan said, his goal was to create a mystery story that didn't strictly fit into the hot-blooded neo-noir genre.

As "Zero Effect" begins, Daryl Zero is a detective who solves his cases without leaving his cluttered, claustrophobic Los Angeles apartment, preferring to deal with his clients via a trusted go-between (Ben Stiller). But when an Oregon timber tycoon (Ryan O'Neal) calls on him to find his lost keys, Zero cautiously agrees to venture outdoors, all the way to the Pacific Northwest.

This seemingly simple case involving blackmail doesn't proceed as planned. Zero, who says he has "mastered the fine art of detachment," finds himself drawn to a young paramedic (Kim Dickens) who seems to be connected to this intrigue.

"To me," Kasdan said of the film, "it's only half a mystery story. It is a hybrid: it's as much a love story as it is anything."

Mystery or love story, "what's extraordinary about this movie is that it hasn't been through the studio mill," said Kasdan. "I'm lucky not to be a victim of that," he added. "It's a pretty clear interpretation of what I originally wrote. I know a lot of screenwriters, and I go completely nuts on the subject of what screenwriters go through. But you don't want to wave your Uzi with ridiculous rage when the studio doesn't deserve it."

Justine Elias, a staff writer for *Us* magazine, wrote this for *The New York Times*.

Pullman, on the set of "The Accidental Tourist," which was directed by Lawrence Kasdan. Pullman remembers the young Kasdan as "particularly poised — probably even more than I was."

Kasdan says he knew a long time ago that he wanted to make movies. "I knew the way other kids know they want to be a cop or a fireman," he said.

As a high school student in Los Angeles, he began writing plays. And with his friends, and then later with professional actors, he would surprise his parents by staging his productions in and around his hometown. "We were in shock, actually," said Lawrence Kasdan. "He had no money, but they managed, barely, to cover their expenses. He had gotten into technical theater — lighting and sound — when he was about 15, and I thought, that's interesting. I didn't expect that. About a year later he started writing these plays that were extraordinarily good. He waited for nothing."

Kasdan spent a few semesters at Hampshire College in Amherst, Massachusetts, and the University of California at Santa Cruz, but he was more interested in working than in studying. Lawrence Kasdan had hired his son to work as a production assistant during the editing of "Grand Canyon." He later asked his son to write the "making of" book for "Wyatt Earp," the 1994 film that featured Pullman in the small role of Ed Masterson. "By that time," said Pullman, "Jake had clearly begun to think of himself as a writer, writing plays, evolving a way of working with actors by using the theater."

The young Kasdan will be pleased, he said, if "Zero Effect" shows no signs of having been written and directed by a 22-year-old. "I had been asked to work on movies that were described as a Generation X 'Big Chill,' with sort of a darkness to it, with a little bit of a 'Pulp Fiction' twist," Kasdan said, laughing. "No, thank you."

For "Zero Effect," Kasdan and his cinematographer, Bill Pope, favored an unobtrusive visual style, and the plot unfolds in a deceptively offhand, meandering fashion. When he started writ-

ing the film, Kasdan said, his goal was to create a mystery story that didn't strictly fit into the hot-blooded neo-noir genre.

As "Zero Effect" begins, Daryl Zero is a detective who solves his cases without leaving his cluttered, claustrophobic Los Angeles apartment, preferring to deal with his clients via a trusted go-between (Ben Stiller). But when an Oregon timber tycoon (Ryan O'Neal) calls on him to find his lost keys, Zero cautiously agrees to venture outdoors, all the way to the Pacific Northwest.

This seemingly simple case involving blackmail doesn't proceed as planned. Zero, who says he has "mastered the fine art of detachment," finds himself drawn to a young paramedic (Kim Dickens) who seems to be connected to this intrigue.

"To me," Kasdan said of the film, "it's only half a mystery story. It is a hybrid: it's as much a love story as it is anything."

Mystery or love story, "what's extraordinary about this movie is that it hasn't been through the studio mill," said Kasdan. "I'm lucky not to be a victim of that," he added. "It's a pretty clear interpretation of what I originally wrote. I know a lot of screenwriters, and I go completely nuts on the subject of what screenwriters go through. But you don't want to wave your Uzi with ridiculous rage when the studio doesn't deserve it."

Justine Elias, a staff writer for *Us* magazine, wrote this for *The New York Times*.

Pullman, on the set of "The Accidental Tourist," which was directed by Lawrence Kasdan. Pullman remembers the young Kasdan as "particularly poised — probably even more than I was."

Kasdan says he knew a long time ago that he wanted to make movies. "I knew the way other kids know they want to be a cop or a fireman," he said.

As a high school student in Los Angeles, he began writing plays. And with his friends, and then later with professional actors, he would surprise his parents by staging his productions in and around his hometown. "We were in shock, actually," said Lawrence Kasdan. "He had no money, but they managed, barely, to cover their expenses. He had gotten into technical theater — lighting and sound — when he was about 15, and I thought, that's interesting. I didn't expect that. About a year later he started writing these plays that were extraordinarily good. He waited for nothing."

Kasdan spent a few semesters at Hampshire College in Amherst, Massachusetts, and the University of California at Santa Cruz, but he was more interested in working than in studying. Lawrence Kasdan had hired his son to work as a production assistant during the editing of "Grand Canyon." He later asked his son to write the "making of" book for "Wyatt Earp," the 1994 film that featured Pullman in the small role of Ed Masterson. "By that time," said Pullman, "Jake had clearly begun to think of himself as a writer, writing plays, evolving a way of working with actors by using the theater."

The young Kasdan will be pleased, he said, if "Zero Effect" shows no signs of having been written and directed by a 22-year-old. "I had been asked to work on movies that were described as a Generation X 'Big Chill,' with sort of a darkness to it, with a little bit of a 'Pulp Fiction' twist," Kasdan said, laughing. "No, thank you."

For "Zero Effect," Kasdan and his cinematographer, Bill Pope, favored an unobtrusive visual style, and the plot unfolds in a deceptively offhand, meandering fashion. When he started writ-

ing the film, Kasdan said, his goal was to create a mystery story that didn't strictly fit into the hot-blooded neo-noir genre.

As "Zero Effect" begins, Daryl Zero is a detective who solves his cases without leaving his cluttered, claustrophobic Los Angeles apartment, preferring to deal with his clients via a trusted go-between (Ben Stiller). But when an Oregon timber tycoon (Ryan O'Neal) calls on him to find his lost keys, Zero cautiously agrees to venture outdoors, all the way to the Pacific Northwest.

This seemingly simple case involving blackmail doesn't proceed as planned. Zero, who says he has "mastered the fine art of detachment," finds himself drawn to a young paramedic (Kim Dickens) who seems to be connected to this intrigue.

"To me," Kasdan said of the film, "it's only half a mystery story. It is a hybrid: it's as much a love story as it is anything."

Mystery or love story, "what's extraordinary about this movie is that it hasn't been through the studio mill," said Kasdan. "I'm lucky not to be a victim of that," he added. "It's a pretty clear interpretation of what I originally wrote. I know a lot of screenwriters, and I go completely nuts on the subject of what screenwriters go through. But you don't want to wave your Uzi with ridiculous rage when the studio doesn't deserve it."

Justine Elias, a staff writer for *Us* magazine, wrote this for *The New York Times*.

## PEOPLE

TWO celebrity photographers who pursued the actor Arnold Schwarzenegger and his wife, the television personality Maria Shriver, through streets in Los Angeles were convicted of misdemeanor false imprisonment charges by a judge who branded the paparazzi's actions "outrageous." The photographers — Andrew O'Brien and Giles Harrison — were accused of boxing in the couple's car in an effort to videotape them outside their son's Santa Monica preschool. The judge said their interference could have led to "serious consequences" for Schwarzenegger, who only a week before had checked out of a hospital after undergoing open-heart surgery. The photographers were each convicted of two counts of misdemeanor false imprisonment, and Harrison was also convicted of reckless driving. Sentencing was set for Feb. 25.

Catherine Deneuve will be honored for her life's work at the Berlin film festival, which opens Feb. 11. Officials announced Tuesday. Thirteen films starring the actress will be shown during the festival, including Roman Polanski's "Repulsion," which won a Silver Bear at the 1965 festival. The actor Ben Kingsley will chair the jury and announce the award winners on Feb. 22.

Postage stamps commemorating the life of Diana, Princess of Wales, went on sale around the world Tuesday. Britain's Post Office has produced 170 million examples of the five 26-pence (41-cent) stamps bearing portraits of the princess. Profits from the sales will go to Diana's memorial fund. Early estimates that 120 million stamps would be required were revised after the huge number of advance orders at post offices in Britain and philatelic agents worldwide. The pictures are taken from photographs by Lord Soondown, Terence Donovan, John Stillwell and Tim Graham.

The condition of Daniel Baldwin was

ROYAL EVENT — Princess Stephanie cutting into the cake at her 35th birthday celebration at the Sporting Club in Monaco.

upgraded to stable at a New York hospital a day after the actor was found naked and disoriented in a hotel room, a hospital spokesman said Tuesday. The spokesman declined to give details about Baldwin's treatment. Police and emergency medical services technicians were called to the Plaza Hotel on Monday morning and found him in a room with drug paraphernalia and a television loudly playing a pornographic movie, police sources said. Baldwin, who was in the movie "Mulholland Falls" and played a detective on the NBC television series "Homicide," is the brother of the actors Alec, Stephen and William Baldwin.

The family of a Long Branch, New Jersey, policeman shot to death in November received a check for \$112,500, courtesy of Jon Bon Jovi, Bruce Springsteen and friends. The rock stars returned to their native New



Princess Stephanie cutting into the cake at her 35th birthday celebration at the Sporting Club in Monaco.

Reuters

Jersey to perform at a sold-out benefit concert. Some 1,400 fans paid \$125 per ticket. The check was for the family of Sergeant Pat King.

A group of schoolchildren gave Mayor Rudolph Giuliani the wrong answer about honesty as he thanked a New York taxi driver for remitting more than \$10,000 in lost cash to a Belgian tourist. Syed Shah, the driver, found \$10,042, a Belgian passport and a leather bag and reported it to the police. The money was returned to an elderly woman tourist. "Now, if you found that money, what would you do?" Giuliani asked the children, guests for the morning at City Hall. "Keep it!" they replied in unison. With the audience laughing, the mayor told the elementary schoolchildren: "No, no, the reason we have Mr. Shah here is to teach you a different answer."

Promoters of the troubled Reggae Sunsplash festival in Jamaica are invoking the name of Bob Marley in the hope of boosting sales for the 20-year-old event. Sunsplash organizers have collaborated with the Bob Marley Foundation to base this year's show on the reggae king's birthday. Marley, who died of cancer in 1981, would have been 63 on Feb. 6. The four-day festival officially starts that day in Ocho Rios, on the northern coast. After five slushy years, the festival was canceled in 1997, when the Jamaica Tourist Board chose to support rival Reggae Sunfest in Montego Bay, and Sunsplash pushed back its 20th-anniversary celebration to February.

Former President Jimmy Carter is in a hospital in Atlanta for treatment of an "aggravating and persistent" skin rash. He has had the rash for about six months and it hasn't responded to a variety of outpatient treatments. Doctors have already determined that it is not indicative of a serious medical condition, a spokesman for the hospital said.

## Who Wants to Be a Millionaire? Everybody in 'High Society'

By Stephen Holden  
New York Times Service

NEW YORK — "Who wants to be a millionaire?" asks a delightfully cheeky Cole Porter song from the 1956 movie musical "High Society." Of course, the answer to that question is the same today as it was then: almost everybody.

Retooled and expanded with additional songs from the Porter catalogue, the movie, which updated Philip Barry's play "The Philadelphia Story," has been turned into a Broadway-bound musical that provides the same voyeuristic insider's view of wealth and its discontents.

Is there a bigger cliché nowadays than the rich, fast-living celebrity who checks into a rehab clinic for a career-saving dryout? The 1939 Barry play, "The Philadelphia Story," written four decades before the Betty Ford Center opened and began to soften our rigid attitudes about sobriety and morality, touches lightly but tellingly on the vices and dalliances of the idle rich in a more innocent and puritanical era.

The leading male character, G.K. Dexter Haven (originally played on

Broadway by Joseph Cotton), is a yachtsman and reformed drunk who pines for his ex-wife Tracy Lord (Katharine Hepburn) on the eve of her marriage to a stuffy parvenu and coal-mining magnate.

A year after the play opened on Broadway, it was adapted into a classic film, starring Hepburn, with Cary Grant as the suavely wistful and resolutely sober Dexter.

Sixteen years after the original movie, the play was adapted into a film musical, "High Society," with the time and place contemporized by being shifted from Philadelphia to Newport, Rhode Island, during the early days of the Newport Jazz Festival.

Now, four decades after the movie "High Society," the Broadway musical "High Society" is on its way to New York (after playing in San Francisco), with previews beginning at the St. James Theater on March 31 and an opening date of April 23.

The show, directed by Christopher Renshaw, with a book by Arthur Kopit and some new lyrics by Susan Birkenhead, takes the story back to the late-'30s period of the play, while retaining the movie's songs and

adding at least 10 more from the Porter catalogue. The setting is now Oyster Bay, Long Island, the better to accentuate the show's sailing imagery.

Melissa Errico, best known for playing Eliza Doolittle in a recent Broadway revival of "My Fair Lady," is stepping into Hepburn's glittering elegant shoes. Daniel McDonald, who made his Broadway debut last season opposite Karen Ziemba in "Steel Pier," is Dexter.

Drinking, cheating, social climbing, parent-child strife, the ruthlessly invasive paparazzi, scandal-mongering and blackmail: These are very contemporary themes you discover when you look into the abyss under the show's champagne and bubbles. But it's all softened by nostalgia and by the heightened sense of propriety that colored American manners during the little hump between the Depression and World War II, when American life seemed to have found a precarious stability.

"It was a wonderful period, the end of the '30s, when things were on the verge of a big change," Renshaw observed. "It was the beginning of the modern world."

Melissa Errico in "High Society."



Melissa Errico in "High Society."

Ken Friedman